

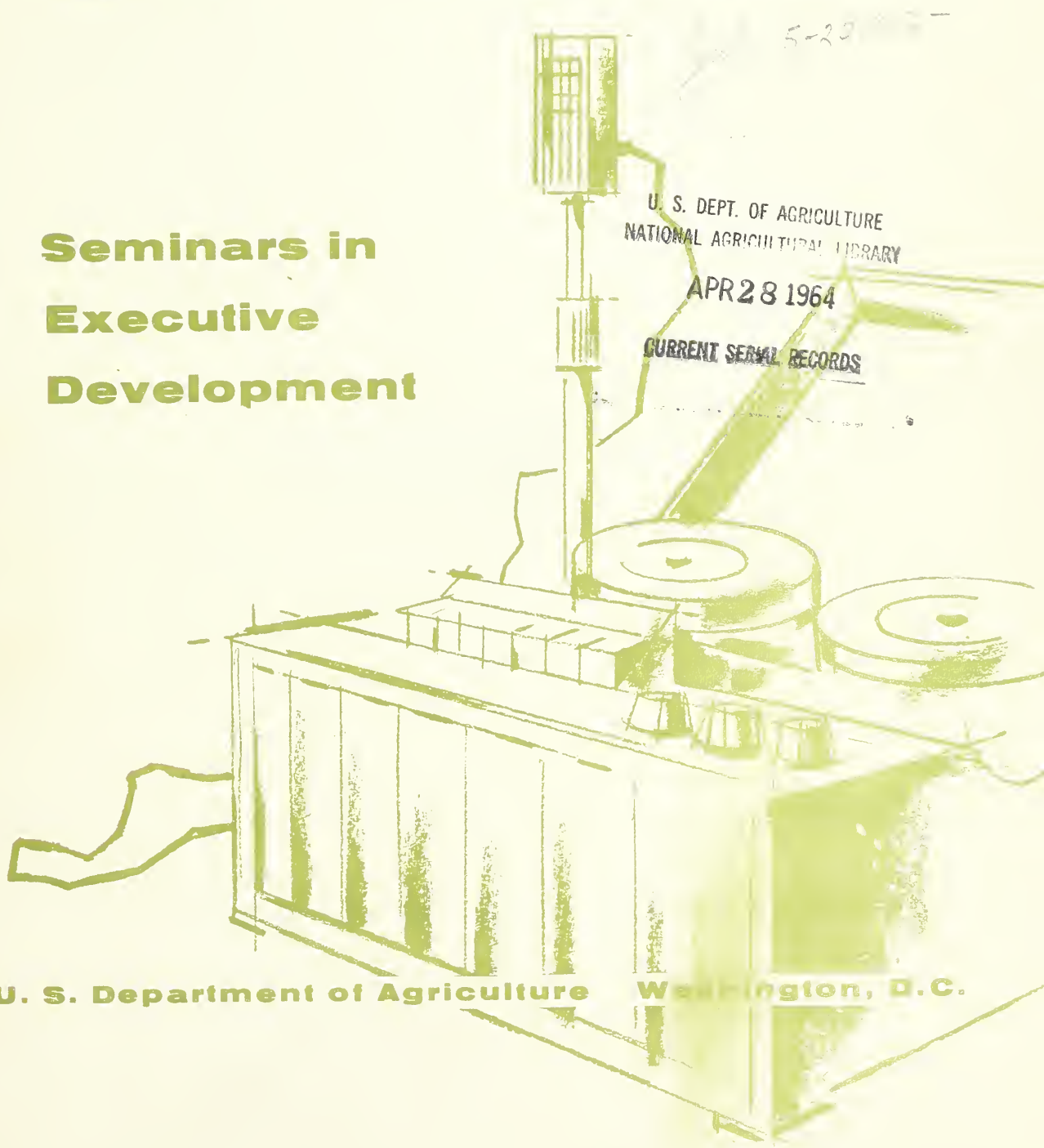
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The **GAITHERSBURG** Report

Seminars in Executive Development



U. S. Department of Agriculture Washington, D.C.

T H E G A I T H E R S B U R G R E P O R T

SEMINARS IN EXECUTIVE DEVELOPMENT
Motel Washingtonian
Gaithersburg, Maryland
July 15-20, 1962

UNITED STATES DEPARTMENT OF AGRICULTURE

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I N T R O D U C T O R Y

F O R E W O R D

Department of Agriculture programs depend upon high-quality leadership. The leadership role demands from our managers, imaginative and creative use of management skills in planning, organizing and directing courses of action toward program goals. In addition to this, however, there is a real need for a breadth of vision which will permit our program managers to foresee needs for agency action and to predict results of their decisions on the national welfare.

Only when an agricultural leader's understanding of his work environment is broad enough to take into account the many economic, sociological, and political factors in the agricultural equation, will he be able to harness imagination and creativity to management skills in a way that is of true service to mankind. His sensitivity to the world outside his office will determine if he is to solve today's problems with tomorrow's programs, or if he will be solving tomorrow's problems with today's programs.

Seminars in Executive Development is an attempt to push back the horizons of our job environment. Not designed to "train" in the usual sense, the seminar series aims to challenge the participant to broaden his own understanding of his individual role in the Department, the Nation and the World.

This report of the first seminar, held at Gaithersburg, Maryland, will be of primary interest to the thirty-six people who participated. It will remind them of the many open-ended problems with which they came into brief contact. Hopefully it will serve to rekindle the spark of involvement in social and economic forces beyond their office walls which the seminar staff tried to strike on behalf of the Department.

FOOTNOTE: The speeches transcribed in this report have been edited and abridged for the sake of brevity only. In all cases we have tried to capture and hold not only the principal content, but also some of the personal flavor with which it was delivered.

S E M I N A R P A R T I C I P A N T S

By Agency, Name, Position and Location

<u>NAME</u>	<u>POSITION</u>	<u>LOCATION</u>
AGRICULTURAL MARKETING SERVICE		
Lyman S. Henderson	Chief, Stored-Products Insects Branch	Beltsville, Maryland
AGRICULTURAL RESEARCH SERVICE		
Robert J. Anderson	Asst. Administrator - OA	Washington, D. C.
Walter M. Carleton	Asst. Director, Agri. Egn. Research Division	Beltsville, Maryland
Arthur M. DuPre'	Asst. Administrator, Research and Development	Washington, D. C.
Robert L. Stockment	Chief, Emp. Devel. & Safety Br., Personnel Div.	Beltsville, Maryland
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE		
Burnice G. Andrews	Chief, Program Analysis Br. Tobacco Division	Washington, D. C.
Glenn W. Freemyer	Chief, Order Operation Br. Milk Marketing Orders Div.	Washington, D. C.
Kenneth K. King	Chief, Internal Audit Div.	Atlanta, Georgia
John T. Walker	Supervisory Budget Analyst	Washington, D. C.
BUDGET AND FINANCE		
Albert L. Dashner	Deputy Director, BFD	Washington, D. C.
ECONOMIC RESEARCH SERVICE		
Winn F. Finner	Supervisory Agri. Economist	Washington, D. C.
FARMER COOPERATIVE SERVICE		
James W. Mather	Chief, Farm Supplies Br.	Washington, D. C.
FARMERS HOME ADMINISTRATION		
Melvin H. Hearn	State Director	Raleigh, North Carolina
Henry F. Lowe	State Director	Bangor, Maine
A. J. Marchin	State Director	Morgantown, W. Virginia
Edward M. Newton	Asst. to Administrator	Washington, D. C.

FOREIGN AGRICULTURAL SERVICE

Olav F. Anderson	Chief, F&O Div., Comm. Anal. Branch	Washington, D. C.
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FOREST SERVICE

Glenn R. Allison	Asst. Regional Forester	Upper Darby, Pa
Arthur A. Grumbine	Chief, Div. of Operations	Atlanta, Georgia
Harold C. Nygren	Chief, Div. of Operations	Upper Darby, Pa.
Nolan C. O'Neal	Asst. Director, Div. of Fire Control	Washington, D. C.
John B. Spring	Chief, Div. of Fire Control	Atlanta, Georgia

OFFICE OF THE GENERAL COUNSEL

Edward W. Bawcombe	Executive Asst. to Gen. Counsel	Washington, D. C.
Fred W. Harris	Asst. Reg. Attorney	Atlanta, Georgia

OFFICE OF PERSONNEL

Max P. Reid	Asst. Dir. of Personnel Program Operations	Washington, D. C.
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PLANT AND OPERATIONS

Tony M. Baldauf	Asst. Director, P&O	Washington, D. C.
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RURAL ELECTRIFICATION ADMINISTRATION

Everett R. Brown	Director, N. Central Area	Washington, D. C.
Gerald F. Diddle	Asst. Area Director	Washington, D. C.

SOIL CONSERVATION SERVICE

Richard M. Dailey	State Conservationist	Raleigh, N. C.
Kenneth E. Grant	State Conservationist	Durham, New Hampshire
John T. Phelan	Deputy Director	
	Engineering Division	Washington, D. C.
Selden L. Tinsley	State Conservationist	New Brunswick, N. J.

STATISTICAL RESEARCH SERVICE

William I. Bair	Supervisory Analytical Statistician	Albany, New York
Melvin Koehn	Supervisory Statistician	
	Crop Reporting Board	Washington, D. C.
Alan R. Miller	Supervisory Analytical Statistician	Charleston, W. Va.

A G E N D A

A G E N D A

SUNDAY, July 15, 1962

- 1:30 p.m. - Registration, State Room
- 3:30 p.m. - Opening Session, State Room
Orientation
- 4:00 p.m. - Conference Group Get-Acquainted Sessions
- 6:30 p.m. - Dinner

MONDAY, July 16, 1962"OUR INVOLVEMENT IN A WORLD COMMUNITY"

- 9:00 a.m. - The Politics of the European Economic Community
Dr. Lawrence Krause, Foreign Policy Division
Brookings Institute (on leave from Yale University)
- 10:05 a.m. - Problem Centered Conference Sessions
- 12:15 p.m. - Lunch
- 1:15 p.m. - The European Economic Community and Agriculture
Mr. Raymond Ioanes, Administrator, Foreign
Agriculture Service, USDA
- 2:30 p.m. - Problem Centered Conference Sessions

TUESDAY, July 17, 1962

- 8:30 a.m. - Problem Centered Conference Sessions
- 10:45 a.m. - The Developing Nations
Herbert J. Waters, Assistant Administrator
Agency for International Development, USDA
- 12:15 p.m. - Lunch
- 1:15 p.m. - Problem Centered Conference Sessions

WEDNESDAY, July 18, 1962"THE UNITED STATES - A COMMUNITY OF SPECIAL INTERESTS"

- 8:30 a.m. - Problem Centered Conference Sessions
- 10:45 a.m. - Resource Planning
Charles S. Stoddard, Director, Resources
Program Staff, Department of Interior
- 12:15 p.m. - Lunch
- 1:15 p.m. - Congressional Relations
Kenneth M. Birkhead, Assistant to the
Secretary, USDA
- 2:50 p.m. - Coffee

"THE USDA - A COMMUNITY OF AGRICULTURAL PROFESSIONALS"

- 3:20 p.m. - The History of USDA
Wayne D. Rasmussen, Chief, Bureau of
Agricultural Economics, USDA
- 4:30 p.m. - Unsolved Organizational Problems
Joseph M. Robertson, Administrative
Assistant Secretary, USDA
- 8:00 p.m. - Problem Centered Conference Groups

THURSDAY, July 19, 1962

"THE PUBLIC SERVANT IN A DEMOCRATIC SYSTEM"

- 8:30 a.m. - Problem Centered Conference Groups
- 10:45 a.m. - Assembly - Open Forum Discussion
Barton M. Lloyd, Associate Professor
Virginia Theological Seminary
John E. Soleau, Associate Professor
Virginia Theological Seminary
Wallace Anderson, Pastor, United Church
Alexandria, Virginia
- 12:15 p.m. - Lunch
- 1:15 p.m. - Problem Centered Conference Groups
- 2:50 p.m. - Coffee
- 3:20 p.m. - Assembled Reports and Open Forum Discussion
- 6:30 p.m. - Dinner
- Graduation Address
Carl B. Barnes, Director of Personnel
- Closing Comments
Loyd M. LaMois, Coordinator
Seminars in Executive Development

FRIDAY, July 20, 1962

- 8:30 a.m. - Evaluation Groups
- 10:00 a.m. - Assembly - Open Forum Discussion
Loyd LaMois, Coordinator
- 11:30 a.m. - Check out
- 12:00 Noon - Lunch
- 1:30 p.m. - Leave for U. S. D. A.

CONFERENCE GROUPS - SUNDAY THROUGH THURSDAY

A	B	C	D
Lyman	Boswell	Hoffman	Grumbine
Nygren	Allison	Spring	Stockment
Rogers	Carleton	DuPre	Manchin
King	Hearn	Lowe	Andrews
Koehn	Freemyer	Walker	Bair
Tinsley	Finner	Miller	Dailey
Mather	Grant	Phelan	Baldauf
Bawcombe	Reid	Dashner	Henderson
Diddle	Harris	Newton	O'Neal
Anderson, R. (ARS)	Brown	Anderson, O. (FAS)	

EVALUATION GROUPS - FRIDAY

1	2	3	4	5	6
Nygren	Allison	Spring	Grumbine	O'Neal	Newton
Hearn	Rogers	Manchin	Lowe	Freemyer	King
Dailey	Andrews	Walker	Grant	Harris	Bair
DuPre	Miller	Bawcombe	Brown	Koehn	Phelan
Diddle	Stockment	Finner	Mather	Tinsley	Carleton
Baldauf	Reid	Anderson, R. (ARS)	Dashner	Anderson, O. (FAS)	Henderson

S P E E C H E S

TOPIC I

OUR INVOLVEMENT IN A WORLD COMMUNITY



POLITICS OF THE EUROPEAN ECONOMIC COMMUNITY

By
Lawrence B. Krause

Mr. Krause attended the University of Michigan where he received his B.A. degree with distinction. His M.A. was also earned at the Univ. of Michigan and he went to Harvard University for his Ph.D. work.

Upon leaving Harvard, Mr. Krause went to Yale Univ. as an Instructor in Economics and was promoted to Asst. Professor the following year.

During the year, 1961-62, Mr. Krause was on leave from Yale Univ. conducting research jointly sponsored by the Brookings Institution and the Social Science Research Council. During this time he was attempting to estimate the economic consequences of the European Economic Community on non-member countries, primarily the United States.

For the second time in this century, the leadership in world trade is changing. At the time of the First World War the United States became the world's largest international trader. Today this position has been assumed by the European Economic Community. The United States exports about 16 percent of world trade, while the European Economic Community exports 23 percent of world trade; 50 percent more than the United States. If the United Kingdom joins, this percentage will go up to 31 percent or roughly twice that of the United States; and if all the countries who have applied for membership join the Common Market, this percentage will go up to 40 percent. Two-fifths of world trade would then be controlled by this Community. Certainly if Britain joins the Common Market, this economic alliance will have the power to change the whole institutional structure for temperate agricultural trade. It will also have such a dominating position in the import of tropical agriculture that it will have within its power the ability to regulate the methods by which trade occurs.

The prospective economic gains of forming an economic union would not have been enough by themselves to bring the Common Market into existence if there were not also an over-riding political interest involved. The political desire to unify made the Common Market possible. The idea of a political unity in Europe is a very old one, although it has made little headway in the past. However, World War II changed this substantially. All six member countries of the European Economic Community -- France, Germany, Italy, The Netherlands, Belgium and Luxemburg -- were defeated and occupied in the war, and in order to prevent a recurrence of this, a new solution was sought. In addition, new approaches to the problem became a necessity with the economic and military recovery of Germany.

It was clear that no one, including the people who controlled the German Government, wanted Germany to be a military threat to the West again.

Adenauer has led the German government into a French-German partnership, but it is clear that Adenauer will not live forever. Consequently, there is the hope that by institutionalizing the friendship of France and Germany, and thereby solidifying Western Europe, the German threat will have been removed. In addition to this primary motive for the formation of the Common Market, there were also two others. One was the problem of a divided, but nationalistic Germany, which constitutes a threat to East-West peace. German nationalism had to be channeled into avenues which would not upset the delicate balance of peace. The new German nationalism has become European in character, making reunification unlikely. The third motivation for the formation of a Common Market was to give Europe, once more, a mechanism for having an honorable place in the world community. Most European thinkers and political leaders felt that an individual European nation would never be strong enough to command respect in a world of giants, such as the United States and the Soviet Union. Unified action was the only alternative. This is the so-called "third force" idea attributed to DeGaulle but felt quite generally.

The motivations for forming the Common Market that I've outlined are political motivations and one might well ask, if all these political ends were desired, why was an economic means chosen to bring them about? The answer to this question is that a political attempt to bring about unification was tried during the Korean War, but was unsuccessful. The United States and Britain asked Germany to rearm and form eight divisions to provide for the defense of Europe, thereby releasing United States and British forces for Korea. France would agree to this only on the basis of having the control of the German army in Allied hands. To this, Germany would not agree. An alternative idea was to have all national European forces under a unified command -- something beyond the commitments of NATO. By the time this proposition had been discussed by the European Governments, the war had ended and the French were unwilling to give up any degree of national sovereignty. The defeat of this idea in the French parliament warned that a direct political approach to unification was doomed. Economic union was the only answer. There are, however, problems involved when a political end is sought through economic means because in such an economic union there are always political reasons for distinguishing between members and non-members. That is, the Common Market, even if it does not have an economic reason for discriminating against the rest of the world, will always have a political reason for treating countries differently. The Common external tariff is more than means of protecting Common Market industries. It is similar to the flag and national anthem, it is the tie that cements these countries together and they cannot afford to weaken it without weakening the political unity that comes about as a result of it.

The United States has fully recognized both the advantages and disadvantages of a united Europe. The European Common Market would probably have come about without U. S. support, but we certainly furthered it a great deal. Our support for European unity dates back to Lend Lease. It was very much a part of the Marshall Plan, and of the institutions of the organization, the European Economic Cooperation, where U. S. support was forthcoming for the European Payments Union, the European Coal and Steel Community and finally the European Economic Community. We supported this despite the recognition that any regional development always implies discrimination against those who are not part of it. Each time Europe moves towards unity, it costs the United States something in economic terms because we do not share in the

favours. We might well ask why the United States supported European unity when it is costing us something in economic terms. The answer comes from a recognition that our allies, to be good allies, must be strong ones and that economic and political strength are improved and furthered through integration. The problem of inequality is also a factor. When the United States was the largest member of the Western Alliance, it was very difficult to get the smaller members of the alliance to accept responsibility. European countries individually do not feel the kinds of responsibility to the rest of the free world that the United States does and this again is a factor in U. S. support of unity. That is, as Europe becomes bigger and more powerful, it must accept responsibility to the rest of the world.

What progress has the European Economic Community made to date? The Treaty was signed in 1957, and the EEC came into existence on January 1, 1958. The first tariff reductions were initiated in 1959. Since that time trade among the countries involved increased 73 percent, while their trade with the rest of the world increased only 27 percent, so the union itself has probably led a fantastic increase of trade among the member countries.

Economic growth as well, has produced a remarkable record. While it is true that these countries were growing quite rapidly throughout the post-war period, there were clear signs from about 1955 onward that these rates of growth were diminishing. However, after the establishment of the Common Market and the stimulus of Community trade, these countries have again begun to grow and are now expanding at rates far in excess of those of the United States. The Italian rate has been 7 or 8 percent a year, the French almost that high, Germany about 5 percent, the Netherlands maybe 4 1/2, Belgium, the weak sister of the Economic Community, has been growing from 3 1/2 to 4 percent a year which is not at all bad by the U. S. standards. However, the political side, the unity that was desired, has not gone very far because of internal disagreements regarding the composition of this unity.

General DeGaulle, with support from Italy and Germany, prefers a cooperation of national states, but this is not the desire of the Netherlands and Belgium who want full political integration. In other words, it is the small countries who are holding out their support for the next step in political union in the hope that Great Britain will join, and, therefore, drastically altering the character of the EEC.

In addition to very little institutional progress, there has been little practical movement towards political unity. Decision making within the common market still requires unanimous votes on all issues of any importance and there is a clear-cut French dominance within the community. This French dominance stems from two things which have originated with DeGaulle; DeGaulle has required the other countries to bend in a certain degree to his will; secondly, DeGaulle, has made French Civil Service so unattractive that the better people of France have gone to the EEC Commission in Brussels to work. As a result, when you go to the Commission, at every level of responsibility, there are Frenchmen who are the best people involved. French is not just one of the official languages of the Commission, it is practically the only language, and there is French dominance in policy formation as well as in decision-making. This means that for a vote to get through, the French

position is taken and then a coalition is formed either for or against the French position in order to reach a decision, and these coalitions have been shifting. For example, the Dutch support the French side against the Germans, on the question of agriculture. The Germans favored very high prices and restricted trade; the French and Dutch favored low prices and a real Common Market in agricultural goods. On the tariff question, that is, the Common Market's response to the U. S. raising the tariff on carpets and glass, the French and the Belgians were together, opposed by the Dutch and the Germans. The result of these shifting coalitions has been a failure of the Common Market to recognize and adapt their political position to their own actual power, and they have not accepted the type of responsibility that the United States had hoped for, a very disturbing aspect of the Common Market. They have developed power but without the responsibility. Agriculture is the best example to illustrate this situation, because the Common Market Agricultural Policy whose guide lines were set down in the decision of January 14, of this year has penalized the rest of the world. There is no way for the United States, Australian or Argentine interest to express themselves in the Common Market Policy.

The reason for this agricultural discrimination is the political situation within the member countries. In order to support the German position on Berlin, Adenauer had promised DeGaulle that not only would low price supports be the rule in the Common Market, but that Germany, in fact, would lower its own price support as a sign that they were moving towards a more reasonable level. Adenauer, however, insisted that they must wait for the October election of last year and that when his power solidified he would be able to take this step despite the fact that the agricultural interest in Germany would not like it. Adenauer lost his majority and now has a coalition government. Not only did German prices not go down, their position became even more intransigent in approaching a sensible avenue to the agriculture problem. Germany maintains her position and France cuts in on the imports from the rest of the world. This is where their expansion is going to come from. None of it so far is coming at the expense of another member country. This system came about because there was no way to reach a unified political decision without satisfying the needs of everyone of the countries individually.

Now to turn to what is going on at the present in the Common Market. The time horizon in the Common Market is very short; five years ago is ancient history, last month is history, what is being done this afternoon is the future, and a problem that is due in six months is actually long-range planning. Everything has been telescoped into a few years, and all these decisions have to be arrived at under a great deal of pressure. The reason that these political decisions have been telescoped is that the Community has been so successful. Applications for membership have risen sharply because of the success. The major issue for the Common Market today is how it should treat the United Kingdom.

The United Kingdom last year asked for membership and negotiations have been going on since that time. On the British side, this was a very momentous decision indeed. It is contrary to their whole history -- to look toward Europe as partners. Independence from Continental Europe has been a

determining factor in British history, along with the desire for a balance of power. Now they are looking away from the rest of the world towards Europe as a political goal. Their postwar policy has reflected this desire. In all these European efforts to unify, the British would go so far, but no farther. Great Britain is not just another European power. On the one hand, she has the responsibilities of the Commonwealth and on the other hand, she has a special relationship with the United States. The United States listens more to the United Kingdom than we do to any other power. Therefore, the British thought that they should get special consideration within Europe. This did not sit very well with the Europeans, as one might very well understand. They have always been fearful that any approach of the British towards European unity carries a secondary motive with it, which says we will advance European unity just so far and then we will do everything in our power to stop it. This appeared to be the British position with respect to European Economic Community. The original plans for the Union were started in 1954-55, and Britain took part in them; but when it looked like a treaty was going to become a reality, Britain said she would have no part of it. This move of the British and their subsequent proposals for a free trade area were looked upon by the Europeans as a means of diluting the European Economic Community and as a result, they were very much opposed to British entry. Well, Britain did not join originally. She formed a loose economic community, the European Free Trade Association as a type of customs union, in an effort to have bargaining power with the Common Market. But last year they decided to relinquish their position of opposing European unity and try to become part of it. The reasons why they changed their position are very important. Britain found their political position eroding. They no longer had the economic power to be the center of a Commonwealth, because to be the center of a political organization without a political constitution means that the economic interest of the countries must be so strong in cooperation they will not look to other countries. Britain no longer has the strength in its economy to provide the savings and investment for the whole Commonwealth; they no longer have an expanding market which could absorb the exports of the Commonwealth. As a result, the Commonwealth has looked to other areas for its markets -- the United States and Europe. The Commonwealth ties were weakening and Britain found that her special position with the United States was being supplanted because she no longer had the power to back up statements with responsibilities. Also, on the economic side, Britain found her position weakening, for Britain is, after all, a country that depends on trade. The economic growth of the underdeveloped countries has been slow -- thus diminishing their ability to import from Britain. Therefore, Britain realized that while her trade with Europe is very small, to have real expansion in the future, they must look towards Continental Europe. The Commonwealth is simply not enough. There were some positive sides to the British decision also. They felt that if they became a member of the Common Market they would, in time, become the political leaders of that institution. This theory is based upon the fact that both Adenauer and DeGaulle will pass from the scene and be replaced by Western leaders. History might well prove that a return to the third or fourth republic in France will bring about chaos or weakness and this would leave room for strong British political leadership to take over the Common Market. So Britain looked at the Common Market in this sense as a way of again expressing strong power in the world. On the economic side there were substantial gains to be had, as also on the financial side. The financial leaders in Britain thought that the London

money market could become the New York Stock Exchange for all the Common Market countries. They have the trained bankers and security dealers; they would be taking savings from the Common Market and lending it back to Continental Europe.

The United States is afraid that the political leadership of the Common Market will not be stable enough and that it needs Great Britain to provide this kind of leadership. However, on the economic side Britain's joining the Common Market may even be more disadvantageous to us than the formation of the Common Market itself, because the kind of industrial product that Britain produces is essentially competitive with U. S. production. In addition, the world's largest temperate agricultural importer will now come under Common Market trading rules and the Common Market has the power to set institutional marketing arrangements. Taking Britain in will change the Common Market substantially and DeGaulle is aware of this fact. British membership will be costly for France in political, economic and military terms. The question of the independent nuclear force, or French council in a western nuclear force is very much at the center of this. This is part of the price that DeGaulle feels France deserves for allowing Britain to come in. There is great scope for economic, political and military cooperation within the continent. The question is, how does the Western policy get settled when there is a two member partnership rather than one leader and countries that follow. An organizational chart looks very strange indeed which has two tops. Yet this is essentially what is being contemplated. A partnership of two equal partners working towards a common objective. The difficulty is how to pick out the common objectives. The United States feels our policy has been directed towards the belief that as the economic unity of Europe advances, they will accept the responsibility that goes with power. Unfortunately, the political unity as I said, has proceeded very slowly, and they have not been willing to accept the kinds of responsibilities involved. One clear illustration of this is in the case of tropical agricultural products. This is an area where there is very little production in Europe. There is some tropical fruit in Italy, but certainly not enough to supply the market. And one would think that the Common Market would recognize that in this area where there is no domestic interest, that they should form policies which would do the most for the rest of the world. But they have not developed a world-wide viewpoint. The newly independent African nations have taken political leadership in their own hands, however, economically they are very closely tied to France and it is to France's interest to keep these countries economically oriented towards the French market so that France will have an outlet for her exports of manufactured products in a sort of protected market. As a result, there is a special trading preferential arrangement with the African territories. They can export their bananas, cocoa, coffee, and oil seed crops at preferential rates. They do not have to pay the duty on them when they come into the Common Markets while U. S. oil seed and Brazilian coffee and cocoa must pay a tariff. Therefore, they are trying to orient their trade on an African-European basis. This has brought them into direct conflict with the political and economic needs of Latin America, and the Latin Americans have been concerned about this because of the continued expansion of coffee growing in Africa. The Latin Americans have asked the Common Market to take their interests into account. But the Europeans have not taken Latin American interest into account and the Common Market does not

see why it is their responsibility to continue to support existing trade patterns. The interest of Latin America certainly is not protected and U. S. interests are indirectly involved with those of Latin America. When a Latin American exporter sells to the Common Market and earns a dollar in foreign exchange, about 65¢ will be spent in the U. S. on the average. When a former French territory of Africa earns a dollar of foreign exchange only about 4¢ of it is spent in the United States. So our exports decline about 60¢ for every dollar of earnings that Latin America loses. In addition, the Alliance for Progress depends upon these countries being able to earn foreign exchange in the commercial market.

The interests of the rest of the world have not been met in the European economic community. There is much the same situation in Asia, although different kinds of products, namely in the cheaper manufacturing products. While it is true that the United States has not given preferred treatment to Japanese imports, we are like Snow White compared to the Europeans. They do not allow Japanese, or Hong Kong, or Indian or Pakistan products into Europe and the results are very obvious. Children's frocks or pants that are selling for 50¢ or a dollar in the United States cannot be purchased for \$3 or \$4 in Europe. The textile industry in Europe has developed without competition from the cheaper sources of supply. As a result, the people are worse off and an inefficient industry is being retained. In the long run, Europe would be better off to allow the competition to enter, but the textile interest is a strong political interest in Europe as well as in the United States, and it has been able to block any liberalization on this score. Consequently, when you look first at the long-range possibilities for unity and then to the proximate realities you see quite a divergence in what could be and what is. Now it is up to the United States and all other countries that are now excluded from the Common Market to bring their power to bear on this community to force it to face up to its world-wide responsibilities. In one way the United States is promoting this by President Kennedy's Trade Expansion Act. This is a most favored nations agreement. If this is realized, Europe must agree to reduce tariffs on the products of all countries. This is a way for Europe to recognize their responsibility to the rest of the world. Also, on the cheap textiles and cheap manufactured product side, special world-wide agreements based on the Geneva textile agreement of this year seem to be in the offing. If the external world of the Common Market can bring its power together, it can force world-wide responsibilities on the EEC. In the absence of United States leadership, the transition period between European irresponsibility today and the assumption of responsibility in the future could be a very painful one indeed for the rest of the world. It is the United States' responsibility to ease this pain.

EUROPEAN ECONOMIC COMMUNITY

By
Raymond A. Ioanes

Mr. Ioanes received his B.A. degree in economics from Kenyon College in Gambier, Ohio.

In 1940 Mr. Ioanes began his career with the Department of Agriculture. In 1945 he went to Western Germany with the Food and Agriculture Division of the U. S. Military Government. In 1948 he became Chief of the Food and Agriculture Division under General Clay.

In the past year Mr. Ioanes has spent a great deal of time, in the United States and Europe, on problems involving American Agricultural exports to the European Common Market.

In March of 1962, Secretary Freeman appointed Mr. Ioanes to the position of Administrator of the Foreign Agricultural Service.

The economic growth of the European Economic Community is proceeding at a rate of about two and a half to three times that of the United States. It is very much smaller than the United States and more densely populated. Its people have a great amount of vigor and a belief that competition is the way to move ahead. European trade with the rest of the world amounts to about \$20 million a year, which is approximately equal to the total U. S. trade. However, since their gross national income is about half our own, foreign trade is about twice as important to them as it is to us.

A comparison of U. S. agriculture with the agriculture of The Six reveals a number of dissimilarities between the two. Although some parts of Europe favor specialized agriculture, particularly in livestock, their farms, in general, are diversified. This means that they grow wheat or rye for bread; they grow their own vegetables; they have some pigs and a farm flock of chickens, and they milk cows. A second point of dissimilarity is the average size of the farms; they are no more than one-quarter or one-fifth of that in the United States. Relatively there are three times as many people on farms in The Six as there are in the United States. In other words, 25 percent of the population in the Common Market is employed in agriculture. This means that the strength and the voice of Agriculture in politics and economics is felt much more strongly than in the United States.

Finally, we see a greater resistance to change in European agriculture than in American agriculture.

The Rome Treaty provided for the abolition of all barriers to the movement of capital, labor, and commodities among the six member countries. The

first step toward this economic union was taken in 1958, when the first cuts were made in the industrial tariffs among the member countries. At the present time these tariffs on internal trade have been cut 50 percent; this means that the process of industrial integration is already half completed. There are some who think it will be fully completed within the next two or three years. They are moving ahead of their timetables in many areas, so it is expected that industrial sections of the community will be fully competitive within the next seven or eight years instead of twelve or fifteen provided by the Rome Treaty.

Agriculture has been the largest single problem the community has faced from the beginning. There were special provisions in the Rome Treaty for agriculture because the leaders of The Six could not agree on the type of competition which should exist among the farms in the various countries. There was a time in 1960 when it appeared that the whole movement toward the economic union would break down because of differences in agriculture. However, on January 14, 1962, a common agricultural policy for the major farm crops was adopted for the community.

The largest problems stem from the climatic differences in Europe, from north to south. As an example, the best horticultural crops in the community are produced in Italy. As you move northward, this type of crop becomes progressively poorer; so, when they decided to have competition among the Six, they, in effect, agreed that the Italian fruit producer would probably put the German and the Belgian or the Dutch fruit producer out of business.

The second problem concerns the prices of various agricultural products. For example, wheat sells in France for \$2.30 a bushel. In Germany, it sells for \$3.10 a bushel. This means that in competitive battle, the French farmers, being a more efficient producer, would have the opportunity to become the monopoly producer of wheat in the community.

A third unsolved problem concerns the fact that several countries engage in state trading operations in Agriculture. Nobody can sell products to these countries unless he can sell to a single individual who works for the Government. If that individual decides that he does not want to buy, the producer cannot sell. An economic union would mean that these state monopolies would be abolished -- but I can tell you, from experience, that the Italians and the French are dying hard on this issue.

In some countries the marketing of grain, from the farmer on through the mill, is the responsibility of cooperatives. They're very much like the ones in the United States -- the important difference being that they exercise governmental powers.

Grain will provide an excellent example for discussing the relationship between the United States and the Common Market. The heart of the Common Market policy for grain is that eventually there will be a single price support level in the Community, a single marketing system, and a single import-export policy. Ordinarily this would not create any problems for us because we have a similar system in the United States. We protect many

of our domestic producers against international competition by means of fixed tariffs. In a certain few cases where we're having problems with our production at home, we supplement the fixed tariffs with either increased tariffs or with import quotas, or both.

However, the Common Market is now using a device called the variable levy to offset the difference between the world prices and the internal prices in the Community. If the United States wants to sell its wheat to Europe at a landed price of \$2 a bushel, and the price of wheat in Germany is \$3 a bushel, then the variable levy would be a dollar. If the price were \$3.50 then the variable levy would be \$1.50. You can describe this automatic variable levy as one which completely offsets any advantage that efficient outside suppliers have with respect to internal producers.

The variable levy in itself is a grave problem for us and for the whole U. S. Government, because it is being used instead of a fixed tariff to protect agriculture producers in the Community. About 80 percent to 85 percent of the agricultural output of The Six will be protected by variable import levies. Leaders of the Community have argued that this is not a step backwards; they say it is a neutral step, and that whether trade expands or contracts, depends upon where they set their price levels. It is true that the role of price levels will be a major one. There are, however, certain limitations to its influencing power. A big limitation is that as competition forces changes in the structure of agriculture in Europe, i.e., as the Dutchman is free to take his greater technical knowhow and his capital and buy up farms in France, agricultural production will become more efficient. It is almost impossible to assess the limitation on the ability of The Six to expand their production. The Community has the capacity to expand their production area and to increase substantially their output per acre or per animal unit.

I recently returned from spending several weeks in Europe where we were attempting to renegotiate the trade agreement between the United States and the Common Market. We had an extremely difficult time trying to define basis rules which would assure the expansion of trade in agricultural products under a variable levy system. In effect, we decided to postpone the settlement of such rules until a later date. There were two points of view in coming to this decision. The first was a political point of view, that of foreign policy; the Common Market now has so many internal problems to settle, that is, problems between each of The Six, that any agreement that they would offer now might well be to our disadvantage. The second point of view is that the United States had simply run out of bargaining power.

The Europeans came to Geneva and said that they were prepared to cut the tariffs on a long list of items by 50 percent but our negotiators were unable to match this offer since we had the authority to reduce our duties by only 20 percent and then only with respect to a limited number of items. In effect, the Europeans came to the bargaining table with more chips than we had.

The Europeans have been liberal with the treatment they have given to United States agricultural products that they don't produce themselves.

These amount roughly to about 70 percent of our total trade, and include such things as cotton, soybeans, flaxseed, canned fruits and vegetable products, dry beans and peas, seeds, and a variety of meats; a total trade coverage of about \$750 million. We have the expectation that as the Community becomes stronger our market for these products will grow for, as the average income rises, Europe will be able to consume more and more of these commodities.

For the remaining 30 percent of our agricultural trade, roughly \$300-\$400 million, there is grave concern as to future prospects. This concern stems from the fact that in this area are included the products whose trade will be regulated by a variable levy system. It is essential that we negotiate arrangements which will assure continuing and reasonable access to the Common Market for these products.

There has been a lot of talk in the last few months, particularly since the United Kingdom talks with the Common Market have become very serious, about World Commodity Agreements as a solution to the trade problems of the Community. No one has yet really defined what they mean by such agreements, and there is a danger that European spokesmen who talk about them are simply trying to put us off until they have gotten all their arrangements settled within the European Common Market itself. If there are no provisions in these agreements for trade access (through a tariff quota), which let us retain our historical amount of trade, I would be inclined to say that the United States is not interested in participating in world commodity agreements. Some of you perhaps know that we have an international wheat agreement which regulates the price level at which we trade in the world. This provides for a ceiling and a floor on the international price of wheat and it also provides that member countries are to take a specified percentage of their import needs from member exporting companies. But if they have no import needs, then they are under no obligation to import; consequently, we really don't have a wheat agreement that provides for maintaining trade at a particular level.

Finally, a brief comment on negotiations between the United Kingdom and the Common Market. First, I feel that the UK has waited so long that they are going to get almost nothing for their agriculture out of any arrangement they make with the Common Market, and that they will have to accept the European system for British agriculture. This means that the prices of food will generally go up in the United Kingdom; it means that the payments program that the UK has for their agriculture will end; it means that they will go from low duties on agriculture to the variable levy system. Secondly, with respect to the protection of the interests of their European Free Trade Area partners, I think that if the British go into the Common Market, they'll bring along with them, almost automatically, the Danes, the Norwegians, and perhaps the Irish. Thirdly, UK's Commonwealth partners will in time lose the preferences they now have for their farm products entering England. The UK is by far the largest importing area for agricultural products in the world, and the Commonwealth countries are going to be faced with rough competition as outsiders.

Let me conclude by talking a little about the Atlantic partnership. The President made a speech the other day which has been interpreted in various ways. Some people thought he said we should join the Common Market, while others disagreed, saying that he was merely talking about the broadening of our economic ties and a reduction in the trade barriers which affect our trade with the Common Market and other members of the Atlantic Community. As far as I'm concerned, he was talking about the second point of view. I know of no move, no thought, that the solution of our problems with the EEC is to join it, because the United States, including the USDA, has world-wide responsibilities that it must discharge.

SUMMARY OF GROUP DISCUSSIONS

MONDAY

At the present time Great Britain and the Common Market nations are negotiating the terms upon which Great Britain may enter the Common Market. On the first day of the seminar the conference groups discussed the question that if the United States is ever placed in a position such as the one England is in now, should we consider joining the Common Market, and if so, under what conditions?

The entry of the United States into the Common Market would be for the primary purpose of further combatting the spread of Communism westward. It would not be an economic gain; as a matter of fact, it would work against us economically. This would be especially true for oil crops for U. S. Agriculture. We would also lose more of our dollar value in foreign countries. In short, the United States economy would be controlled by other member nations. It was generally agreed upon by the groups, however, that the United States free world leadership should be assured no matter what the economic effects.

If the United States were to join the Common Market it would result in alienation of many of our present allies. It was agreed upon that if the United States were to think about joining the Common Market we must consider the area in which we have interests, such as Latin America, Japan, Canada and the Philippines.

One of the groups felt that the interests of the Free World could be better served by the United States not joining the E.E.C. but by forming an alliance.

Joining the E.E.C. would, no doubt, strengthen the United States influence economically and politically in Europe; it would, however, limit U. S. influence on the remainder of the Free World, particularly in the under-developed countries. We might be in a better position to influence members of the E.E.C. to accept the U. S. position of assuming world-wide responsibilities, although countries outside the E.E.C. would be forced to lean toward, or go over to the Communist side.

Our joining the E.E.C. would make NATO a more effective force, although there would be the disadvantage of the possible requirement that the U. S. share its nuclear knowledge with other members of the community.

We would have to consider what impact our joining would have on the United Nations.

It was suggested that we could keep out this situation with uncommitted nations by staying strong, while supporting the Common Market. One group mentioned the fact that the progressive enlargement of the Common Market would eventually bring about an alignment of the countries of the world into two groups. Another group went on to say that our joining this organization

would eliminate any possibility of a reconciliation of our differences with Communist countries on a short or long term basis, although none of the other groups agreed that this was a matter worthy of much consideration.

If we were to join the E.E.C. we would have to consider some of the effects this would have on our country. One of these is the effect on us as the result of free movement of citizens of member countries of the Common Market. Another would be the effect on the development and conservation of natural resources.

We would demand that a majority approval rather than a unanimous approval be required on matters. Also, we would expect equal application of rights and restrictions to all members.

AGRICULTURE AND THE NEW ECONOMICS

By
Herbert J. Waters

For eighteen years, Mr. Waters served as a newspaperman in Santa Rosa, California.

He served as an Assistant to the Secretary of Agriculture from 1949 to 1953, after which time he became Administrative Assistant to Senator Hubert H. Humphrey.

In February 1961, President Kennedy appointed Mr. Waters as Special Asst. to the Director of the International Cooperation Administration. During 1961 he assisted in reorganizing ICA into AID.

He was reappointed by President Kennedy in February 1962, as Asst. Administrator for Material Resources in the Agency for International Development. In his present role, Mr. Waters directs all of AID's commodity programs, both food and non-food.

Everyone here is aware generally of the history and achievements of the Foreign Assistance Program in the fight against totalitarianism -- the Marshall Plan with its new and revolutionary ideas of helping Europe regain its political and economic equilibrium -- the saving of Greece and Turkey from communism -- the countering of Communist force in Korea and Formosa -- the support of Vietnam in its struggle against Communist internal and external pressure.

There is another struggle -- perhaps an even more important and longer lasting one -- the struggle against poverty, disease and injustice long endured by great numbers of the world's population.

It is well worth considering that despite the technological progress of modern times, there may be more poverty-stricken people in the world today than there were fifty or a hundred years ago.

This is one of the most crucial problems of our time.

More than one third of the people of the world live at or below subsistence level. It is symbolic of the fact that disparities in the economies of nations are among the most corrosive agents in man's effort to achieve world order and peace.

Our help is needed, but success cannot be instantaneous. This becomes patently clear when we realize that the social and economic conditions requiring change are deep-rooted. Because of our energy and drive, we Americans tend to be impatient -- even impetuous -- to achieve the changes we believe to be needed in those countries we are helping. We must realize that in order to be lasting and effective, our foreign assistance must be broadly based on sound, well-planned development plans and objectives. This takes time. Even in the United States changes in this magnitude were

not brought on overnight.

However, there are some changes that can be brought about more quickly. These include the effective development of laws and regulations -- and agrarian reform is one of them -- and other measures by which progress can be achieved without delay. We hope, eventually, to see our friends and allies realize that their potential strength lies in the democratic process that has made us the strongest nation on earth.

Because of your avocation, I feel certain that you are primarily interested in the socio-political and economic impact of agricultural assistance. However, I am sure you will agree that assistance with agricultural development -- even in the broadest sense -- is but one of several significant ingredients in an overall approach to foreign aid.

There are two main purposes of United States foreign aid. The first is a humanitarian one. The second may be termed pure self-interest.

The stimulation of economic growth in the presently underdeveloped but developing countries of the world has a direct bearing on the economic future of the United States. That is why we like to think of our foreign aid efforts as far more than a humanitarian move to help underprivileged people -- more than even an ideological war against communism. It is also a bold market development effort opening the way for the greatest trade expansion the world has ever known.

The greatest potential for expansion of our markets in the world today lies in those very countries to whom we are now providing economic assistance. We must keep in mind that these countries have an ever increasing impact on foreign trade. We should also bear in mind that they contain more than 50 percent of the population of the Free World. This is an enormous market potential when we consider that the European Common Market and the United Kingdom combined comprise only 10 percent of the Free World population.

But whether for humanitarian purposes, or in the furtherance of self-interest, no nation can be secured for freedom or lifted out of poverty by foreign aid alone. It must be wisely used so that it can act as a catalyst -- a lever if you will -- to accomplish results many times greater than the level of the investment itself.

To enable our assistance to act as a catalyst, the new aid program stresses five main points. The first is the recognition and appreciation of the fact that foreign aid cannot do the job alone. The second is the need for recipient countries to develop sound, feasible long-range plans and programs. The third is the long-range commitment authority we now have which is so essential in encouraging foreign governments to take risks as partners in their own development. Social progress is the fourth important element and the fifth is the need to involve the other governments of the Free World as well as international organizations, in mankind's attempts for social and economic betterment.

It would be appropriate to ask how we are applying these new principles of foreign aid.

The first year of the program has been a year of transition. Yet much has been done to provide the strong direction and leadership this program must have. The principle of self-help has become more than a catch word. In Latin America and elsewhere, there is an awareness that the needed reforms for growth must come from within. Despite the understandably somewhat slow beginnings, the forward motion is real.

In our efforts to enlist the support of other nations in helping the developing countries, we are working closely with international bodies such as the World Bank and the International Monetary Fund and have joined with other organizations and nations as well, to support realistic, worthwhile development plans.

Let us look at the organization of the Agency for International Development, designed to carry out the United States Foreign Assistance Program. The Foreign Assistance Act of 1961 was enacted on September 4, 1961 with funds for the first year's operation appropriated on September 30. It wasn't until November 4 of that year that A.I.D. actually came into being. The new Agency was assigned functions previously exercised by the International Cooperation Administration and the Development Loan Fund as well as certain functions of the State Department and the Export-Import Bank.

The reorganization has been a time-consuming enterprise -- made difficult by the major shift in emphasis from technical assistance to development lending for long-term programs. This change required reorientation of many of the personnel available to the Agency in Washington and overseas who were not completely prepared to cope with the complicated problems inherent in the new long-term development programs.

Under those circumstances, the Administrator assigned priorities to the steps required to turn around the structure, personnel and program of foreign aid to conform as promptly as possible to the Congressional directive without unduly disrupting the many worthwhile foreign assistance programs already underway. The first priority was to fill the top administrative positions in Washington and in the country missions with people competent to carry out the new program. Simultaneously, however, it was necessary to create a new organizational structure, re-evaluate existing programs and devise new programs which are responsive to the new aid criteria. Also of prime importance but impossible to fulfill immediately was the need to formulate, distribute, and put into practice literally scores of new procedures and practices without which no program as vast as this can function smoothly.

The restructuring of the foreign assistance organization concentrates programming and operating authority in four Regional Bureaus -- Europe and Africa; Near East and South Asia; Far East; and Latin America. The chain of communications from Washington through the Ambassador to the A.I.D. Mission is firmly established so that all United States economic and political representatives in foreign countries are now working together as a team, coordinated through the Ambassador.

Foreign Aid operations are complicated by the fact that the political, social and economic sophistication of aid recipient countries varies to such an extent that it is impossible to develop a set of conditions that would be applicable to each. Not only does the degree of sophistication vary, but individual country situations are tremendously diverse. There are, however, certain conditions that are common in most developing countries.

Most are agriculture-oriented. However, scientific agricultural development in our terms is virtually unknown to them. The ratio of manpower to food yield is uneconomic -- and in the face of increasing population. The result is widespread malnutrition or the diversion of scarce resources from industrial and social development usage to the importation of foodstuffs -- or both. Many are one crop exporters, exposed to the vagaries of nature and the uncertainties of fluctuating prices on the world market.

Most of the land does not belong to the man who works it. This social inequality diminishes incentives and breeds discontent. Much of the agriculture is of the subsistence type -- with choice of crops based on utility in family consumption, rather than market value. Agriculture is carried on in the traditional sense -- with a low level of technology -- one in which interest in innovation is lacking and in which there is no appreciation of the economic value of knowledge. The rural population lives largely in an illiterate folk culture. The social structure is dominated by family, caste or tribe in a feudal or post-colonial pattern of passive acquiescence to the doings of a vaguely understood, far off government.

Political, social and economic development cannot progress to an appreciable degree under such conditions. Aggravating the dilemma, is the fact that there is a paucity of professional and scientific knowledge available, even in the trained world community of social scientists, of the ways in which political, social and economic growth react, one on the other. In this respect, activities designed to develop human resources -- education and training programs, for example, may be primarily intended to promote social growth, but they obviously have tremendous economic and political impact as well. Land and tax reform programs -- often stressed as significant social progress measures -- also have profound implications for the rate and pattern of economic growth, and for the distribution of political power. Activities designed to increase industrial and agricultural productivity may also have potent socio-political repercussions. These are all additional factors which complicate planning for effective foreign assistance.

You may well wonder -- in view of the foregoing -- how we ever begin to respond to the ever-present, insistent need of the underdeveloped and developing nations.

The decision has been made by the United States to provide assistance initially that responds to the most pressing development need -- economic social or political -- with the ultimate goals being progress in all three areas.

We must always bear in mind that the input of resources -- this includes resources of the recipient country to which foreign resources are added -- is always limited. Accordingly, priorities must be established for the allocation of resources among various sectors or goals of the total economy.

These sectors or goals, may be classified into groups of closely related activities for convenience in development planning.

The economic production group includes agriculture, mining, manufacturing, service industry and similar activities. In this group results may be expressed in terms of the value of each activity's net economic contribution to national production. For example, within a sub-group of manufacturing, such as the garment industry, a change from hand sewing to machine sewing will result in a higher rate of productivity.

The social development group includes activities such as education, health, public administration, public safety, community development and similar activities. Here we may attempt to determine results in terms of increased value or quality of services received, such as an increase in percentage of population vaccinated against smallpox.

A third classification embraces what are called the infrastructure activities. These include transportation, communications, housing and similar activities in which development is measured in terms of increased quantity and quality of facilities available at given times.

Each activity I have mentioned has its own specific function in a development program just as each part of a complex machine serves a specific purpose. Each activity includes its own goals which help to establish meaningful terms for development planners. The agriculture goals are associated with the growth, preservation, and initial marketing of food and other agricultural commodities.

Manufacturing includes these goals which call for development in the production and initial distribution of consumer or capital goods.

Public administration includes goals such as improvement of governmental management in terms of institutional development, changes in organizational structure, and up-grading of personnel skills.

Health involves goals such as development of the population's well-being to the extent that it is impaired by disease or malnutrition.

In the service industries, goals are those which call for development in the transfer of ownership or rental of goods or services, exclusive of finance and credit, and the marketing of products of other sectors.

Each activity thus encompasses functions and aims which distinguish it from other activities within the economy.

One of the principal problems which faces every A.I.D. overseas mission is to determine the priority which should be accorded each of the above

activities in a country's total development effort. For example, the contribution of agriculture to economic growth cannot be overestimated. It is necessary for development that a country meet its basic food requirements. Increases in agricultural productivity also permit the creation of capital and the release of manpower -- both of which may be essential to the development of other activities.

However, before we place a number one priority on agriculture it is important to analyze some of the productive considerations which influence the working level decisions on assignment of activity priorities.

What are some of the background considerations in a country where agriculture is assigned a low order priority? Here we find a country whose distributive and financial facilities are seriously underdeveloped. Marketing is practically an unknown concept, with modern marketing facilities practically nonexistent and marketing techniques at primitive levels. Credit is available for commercial and real estate use but not for industrial development. A large proportion of the rural population is self-sufficient and a large proportion of the crops never move to markets. There is a very low level of management, executive and technical skills. Primary and middle level education is handicapped by the lack of teachers and schools. The country has a variety of mineral resources most of which are not high grade, but nearly all of which are commercially exploitable.

Education, mining, and manufacturing have been assigned top priorities rather than agriculture. These conditions present a situation in which overemphasis on agriculture might actually slow down development.

The majority of the people in lesser developed countries depend upon agriculture for their livelihood and the major productive capacity of these countries -- their income earning power, if you will -- is in agriculture.

In terms of agricultural skills, the need is great indeed for the kind of basic facilities for education and training long since available throughout Europe and North America.

Therefore, where development planning indicates a priority need, agricultural assistance is being given a high priority. Scientific methods are being introduced to increase agricultural yields, thereby lowering the ratio of manpower to food production, freeing farm manpower for employment in the industrial sector and reducing -- and in some cases eliminating the need for food imports.

Land reform legislation, where needed, is made a condition for American aid. Thus, those who work the land can look forward to owning it and receiving a fair share of its bounty. To the land-starved peasant, the feeling of ownership -- of belonging -- can be a strong impetus to good citizenship.

In this regard, I would like to mention that a great deal of attention is being devoted to the establishment of cooperatives, which, as you know, serve an important purpose in the economy of the United States. They have the potential of a far greater role in the economic progress of developing

countries since they tend to stimulate the sense of pride and stability that stems from the knowledge of ownership, and they are grass roots economic and social democracies.

In our country, protective laws and effective competition tend to assure factors of quality and ethics. In the developing countries -- where either or both of these factors are lacking -- cooperatives are a tool for bridging the gap.

Therefore, attention is being given to cooperative projects which includes pilot cooperatives, cooperative research and training, farmers' and fisheries cooperative associations and the establishment of national cooperative credit institutions for such agricultural needs as production, marketing and processing.

As you may know, the Department of Agriculture is providing technical personnel on a reimbursable basis for agricultural training in various underdeveloped areas of the world. The Training Division of your Foreign Agricultural Service, of course, handles our training program for foreign nationals in this country.

Another valuable development tool is the Agricultural Trade Development and Assistance Act of 1954 (PL 480). I am sure you are all familiar with the Title I program under which agricultural commodities are sold for foreign currencies. The authority contained in Title II of that law, under which CCC owned commodities are made available on a grant basis, offers another useful tool to stimulate and assist in desirable agricultural development and resettlement objectives.

For example, where large segments of the population are unemployed and underfed, workers usually are willing to accept food as partial payment of wages for work on high labor component projects such as land clearing, reforestation, and the construction of roads, bridges, schools, dams and irrigation and drainage ditches. Under this authority, surplus agricultural commodities can be provided to feed a farmer and his family while he is in the process of bringing new land into production or changing his farming operations into a more productive enterprise. Feed grains may be used to stimulate sound livestock or poultry feeding which in turn increases animal protein foods for consumption.

As a matter of fact, assistance is being given in virtually every aspect of rural development. This includes the formation of extension sewers, road building, irrigation, reclamation and reforestation projects; seed improvement; crop diversification; introduction of modern scientific planting, harvesting, storage and insect control, as well as education, environmental and sanitation facilities.

Obviously, the foreign aid program is bound to have an impact on the industrial and agricultural community of the United States itself. The productive use of unused capacity and under-utilized manpower is required to meet the increased demands for commodities and services. But this sharing of our production and of our skills with developing countries will have its real payoff when they achieve their potential as paying customers.

To this end we are encouraging use of those very development techniques in the underdeveloped countries of today that brought the United States from an underdeveloped status a century and a half ago, to its present pinnacle of prosperity. We can help -- and we must help because it is necessary to our own security. This important fact is not always fully appreciated. I think the most misunderstood of U. S. Government activities are those of sharing our country's productivity and know-how through various forms of foreign assistance.

Perhaps much of that misunderstanding comes from the many different "hats" foreign aid has worn in recent years -- different titles, different programs, and frequently, different objectives. Why do we engage in such activities? The real truth of the matter is that the United States has had no choice. We have been compelled to assume the responsibilities of leadership in the Free World in our own interest as well as in the interest of the Free World itself.

During the next decades, one of the truly great issues will be whether the peoples of the developing nations, who are now in the free world, and who are demanding economic and social progress, will be able to find that progress with the help of the free nations -- or whether, through desperation, they will be forced to turn to the lure of Communism totalitarianism held out to them by the Soviet Bloc.

The question is: Will the world of tomorrow be populated by free men in free nations or will it be one in which all men are subjugated by the enemies of freedom?

The answer to this fateful question -- this question affecting the security of our nation and the welfare of each of us, and of future generations -- will depend in large part on how determinedly and how effectively we carry forward the program of foreign aid on which we are embarked.

SUMMARY OF GROUP DISCUSSIONSTUESDAY

The group, on Tuesday, reviewed current price support-production adjustment, market development, agricultural attache' programs, and agricultural programs for aid to developing nations. Our foreign policy was defined in this way: "To assist developing countries and to develop trade with allies which have democratic types of government." Several adjustments were suggested concerning overall policy in this area, especially with regard to developing countries.

First of all, there should be an increase in the exchange of technical know-how. This should be done by carefully screening our personnel and maintaining a record of talent in various fields available for foreign work. We need to improve the qualifications of the U. S. technicians who furnish assistance abroad. This should include broad training in the language, the culture, the history, and the government of the particular countries to which individuals are assigned. We should support training in foreign universities by establishing in foreign countries: research, teaching, and extension institutions which are blended into their own educational systems. Also we should increase the exchange of technical materials, research data, scientific literature, and the like.

Another adjustment suggested was that the agricultural programs in developing countries should be more closely coordinated with progress in other fields, such as transportation and processing industries.

It was suggested that the United States emphasize, to a great degree, the efficiency of American agriculture in comparison with communist agriculture. Also, we should investigate the need for improved agricultural marketing and statistical resources in developing countries.

All of the groups agreed that one way in which agricultural programs could be adjusted for the better, would be to increase our study of possibilities for converting our commodity surpluses into more useable forms. They suggested that we should assume more responsibility for developing an attitude among the people of developing countries to improve their own economic position; that we should place more emphasis on loans and less on grants wherever possible.

TOPIC II

THE UNITED STATES - A COMMUNITY OF SPECIAL INTERESTS

POLICY AND ORGANIZATION: RESOURCE PROGRAMS

By
Charles H. Stoddard

Mr. Stoddard received his Bachelor of Science degree in forestry and his Master of Science degree in forest economics, both from the University of Michigan.

He was a forest economist with the U. S. Forest Service from 1936 - 1940 and an economist with the Bureau of Agricultural Economics from 1941 - 1943.

From 1956 until 1961 Mr. Stoddard was a resource economist w/ Resources for the Future, Inc., working on land, forestry, wildlife, park and soil conservation problems. In February 1961, he was named to head the Department of Interior's Resources Program Staff.

I'm an alumnus of the Department of Agriculture so I don't feel that I'm with strangers, even though I haven't met very many of you. I note that you have a wide variety of backgrounds, so this is an opportunity for me to talk about some of the broader aspects of the problems with which we all deal at the Federal level.

The world that we live in is changing rapidly, and these changes are accelerating each day. We need to take a look at the internal workings, policies, programs, and operational devices in Government to see if we're adapting to these changes as fast as we should. I have chosen to deal with two aspects of this broad field: one is policy analysis; and the other is administrative organization.

If those who are engaged in administering a program understand the history of the problem, policy-making procedures, and how this policy came about through the legislative channels and into an action program, they should be more effective in the administration of a given program. Also, this knowledge can result in a more effective application of the program and the solution of the problem on the ground. Another reason for being cognizant of policy derivation and analysis is that it makes it possible to interpret to the public the reasons for the program.

This is quite important, I think, because many of these programs are rather complicated. It's pretty hard to explain to the average layman some of our highly specialized programs in basic terms if we are to get some understanding at the local level. The other aspect that I wanted to talk about is the matter of administrative organization. I have found that once a decision has been made to accomplish certain objectives, that getting people with specialized backgrounds **organized to do the job** is one of our toughest problems.

There is a tendency among human organizations to become crystalized. We become loyal to our bureau or to our service. We don't want to see any changes even though the problems for which the program was established may have changed or even gone long ago. I think that one should take the position that the sub-units of a large organization can and should be frequently modified to fit the changing needs. This is almost essential to survival if our institutions are to be adapted to the external changes taking place at such a rapid rate around us. The policies and the organizations that are used to carry them out are useful only as long as they are directed toward meeting a needed problem or performing a needed service.

The present administration is re-directing our farm programs. As you know, the position of the past administration toward the farmer was one of laissez-faire; that the laws of supply and demand would slowly force the "inefficient" farmers, who were not able to compete, off the land. This administration takes the somewhat different viewpoint: that supply management and production controls, accompanied by a variety of other tools, can bring about the desirable agriculture adjustment needed between supply and demand and still maintain the family farmer.

Perhaps you may have remembered that some years ago a study was made of a couple of comparative communities in California. They were largely farm communities, one where a large number of corporate farms were located and the other where there were family owned farms. There was a significant contrast between the corporation dominated communities and the farm family communities in the number of voters, the number of home owners, the number of church-goers, the number of children, and the number of civic organizations. In other words, a little inefficiency in the economics of production yields greater social and political efficiency. Political efficiency in this country means that we have a large number of people who are participating in government and participating in various civic duties. But in corporation farming communities we have a gulf between the few people at the top who own everything and all of the others who work, between high incomes and low incomes. Under these circumstances, you don't get the participation in the democratic process that is absolutely essential to the continuation of our society as we know it.

I think this is an awfully strong argument for a much broader consideration of farm policy issues because we have to take into consideration not only economic efficiency but also social, political and civic efficiency.

Policy matters, when they get to the controversial state, are matters which are susceptible to intensive objective analysis and which need not become particularly heated until we begin to apply our values. The use of the scientific method in policy analysis is entirely possible; however, there are certain things we can't do in the social sciences such as repeating experiments or using the experimental techniques of the laboratory. All sides of a problem can be analyzed, taking into consideration the total picture, and several alternative positions can be derived. At this point people who are politically responsible have to make the choice and go down the road. I think that as our political parties mature, they are finding that sound public policy is also politically popular.

For a moment I would like to consider one particular aspect of the agricultural program for the '60's. The retirement of land does not have a significant impact on the problem of overabundance, but it can be used for recreation, reforestation, grazing for beef or sheep, or what not. We can have wild life habitat, and watershed protection. Well, some of these things are delayed in terms of the return to the owner, and in some of these uses, he never receives a return. But society does receive a return, so you have a conflict between the owner's immediate short run interest, and the long term social benefits that are derived.

Let's take recreation, as an example. Your department and my department have both been very interested in the potential existing in recreation on private land, national parks, state forests, and national forests. One of the things that has come out from your department in recent years has been a proposal for an intensive use of retired farm land, or of farm land which is partially used for crop and livestock production, for recreation purposes which would bring an opportunity for income to the farmer. But there are a number of things that I think we've got to think through carefully if we're going to launch such a program. We may get the legislative authority but when we look at the problem on the ground we've got a real tough one. There has been a conflict for many many years between farmers and sportsmen.

Let's take a look at the situation. Wild game is the property of the state, but the habitat which the wild game lives on^{is} private land. Farmers have not received returns from hunting privileges^{except} under special circumstances, or where some deliberate effort has been made to try to lease land to private hunting groups. But we haven't developed the mechanism yet for reconciling the conflict between the hunter in trying to get access to the land, and the owner has in trying to get income. We haven't faced up the matter of the legal responsibility of the private land-owner to the public who uses his land, and the private land-owner frequently is liable for suit in case of accident; yet the private land-owner may never be able to catch the hunter who shot his cow, or clipped the wire fence, since there is no systematic way of collecting the fugitive recreation dollar from the hunter so that it goes in the farmer's pocket. There has been some research that has indicated that a lot of money is spent in recreation, but most^{of} it goes to people other than the land-owner, for various kinds of service such as gasoline, and sporting goods. As a matter of fact, most of the money that the landowner collects is usually from room and board in putting up hunters and fishermen.

Therefore, before we can go very far with a program of this sort where we're hoping to get a substantial return to the land-owner from recreation, we have to resolve some of these basic problems. I think it can be done and I think we have the machinery, but we need to do some research and develop a program to accomplish it. I'm hoping that our two departments will be in a position to engage in that research soon.

Another problem in this general area is the retirement of land into forest production, but the Forest Service and most foresters have found that the biggest forestry problem we have in this country is in small ownership.

The small ownership is an uneconomic unit; essentially a tract of land averaging around 100 acres. This consists of either the farm wood lot or the non-resident owned lands. But an economic unit in forestry, even in the South where the growing conditions are extremely favorable, is about 10,000 acres (in the North it's about 20,000 acres). Furthermore, the forest economy is a primitive economy, far behind the agricultural economy in terms of the availability of such things as credit (although FHA has just announced a credit program in forestry), current price and market reports, marketing orders, etc.

Foresters for years have assumed that a private land-owner was a small owner-operator similar to a farmer, and therefore the same techniques we used in agriculture would be applicable in forestry and we could go and give demonstrations, work on a management plan, provide them with bulletins, and so on. But when you look at the situation, the land-owner is usually not in the forestry business. The farmer doesn't use his forest for firewood much anymore. He may use it for some lumber, but the returns are so small and so infrequent. So you have essentially an uneconomic unit which, on the basis of the average turnover in ownership, changes hands about once every fifteen years. The rotation length for a tree to grow to an economic size is anywhere from thirty years on up, however, so you have a problem of continuity of policy on the part of the people who aren't particularly interested in managing forests.

Our problem then, is to convert the private owner into practicing forestry. We have a major program with the states and the Federal Government committed to the idea that these small tracts are owner-operated, and that these owners will be educated into forestry. But we also have done enough research now to know that they won't be converted by these traditional means. We have to find new policies, new tools to bring about the objective of better management.

A comparison might be made with the Soil Conservation Service, the technical assistance program, which works through districts which in turn, have agreements with the land-owners to provide public technical assistance if they agree to carry out certain practices as part of a farm plan. The forestry assistance program, however, is made available to the same land-owners through a local State forester, but without going through the district or without having an agreement. These are the definite gaps in the coordination of policy and program. Where you have a crop that takes a long time to grow, some kind of a commitment such as the Soil Conservation District Agreement seems to be needed, as well as coordinated planning by technical agencies.

We must think through the policies that govern our programs and constantly revise and review them and subject them to an analytical process which is as objective and realistic as possible. The question of "Who is to do this review?" is difficult because the departments and bureaus already have certain commitments. However, since a self-critical analysis is difficult, overall analysis has to be done at departmental level.

Let me give you an example in The Department of Interior. The Fish and Wildlife Service has for a number of years, carried on a predator control program to serve the ranchers in the West, which consists of the poisoning of bobcats,

mountain lions, coyotes, wolves, and so on. This program has been built into the bureaucracy of the states and the Federal Government. There is now evidence that this program cost a lot more money than number of losses from predators. We are in the process of scaling it down. Our new position will be to deal with the specific situations as they arise, instead of wholesale poisoning of all the predators.

The main theme of my discussion this morning has been that we must re-examine these programs and keep asking ourselves if the problems are changing, and how the program can be adapted to the changed problems in light of new information. Unless we do make these changes, we will have our hands full with old programs not capable of meeting the constantly changing economic situation in natural resources and agriculture.

One final closing point, I'd like to make, is that of the problems that we have between departments. We don't have very effective machinery for liaison between departments. Sometimes we get into negotiations with your department, and other departments, and it's almost like foreign governments negotiating at Geneva! You have a difficult time getting in a position that all concerned can agree to. I think this is worse in Washington than it is in the field. The fellows in the field usually get along pretty well. In Washington, for some reason or other, there's some sort of a transfiguration that takes place in a government man, and he becomes biased in defending his agency. Consequently, I think if there's going to be a change in Government in dealing with natural resources and agriculture, it will be to improve the interdepartmental negotiating machinery. It is something we should work toward achieving as soon as we can, because we have our agencies set up on a functional basis - Forestry, Soil Conservation, Mines, Reclamation, Fish, Commercial Fishery, Sport Fisheries, Wild Life, and so on. Yet all these resources are spread out between departments, so we're going to have to find some way of dealing with these problems comprehensively and realistically rather than by piecework by specialized agencies. Perhaps, specialized agencies can always continue to act as staff for line organizations, which are responsible for programs on a broad geographical basis. I'm not just sure how this could be accomplished, but I think this is the direction that we may eventually take.

CONGRESSIONAL RELATIONS IN AGRICULTURE

By
Kenneth M. Birkhead

Mr. Birkhead received his A. B. from Missouri Valley College and his M. A. from the University of Missouri. Additional graduate study was done in administration and education at Harvard University and the University of Virginia, leading toward a Ph.D. degree.

From 1938 to 1947, with four years out for the war, Mr. Birkhead was an official of Friends of Democracy, Inc.

From that time until 1961 when he became an Assistant to the Secretary, Mr. Birkhead has held many different positions, all of which brought him into contact with Congress.

I am an Assistant to the Secretary, and my primary job is Congressional Liaison. Basically this means that I serve members of Congress both from the standpoint of answering their questions about agriculture and in forwarding research to them that has been done by the Department of Agriculture. In addition the job is also somewhat politically oriented because politics is a part of this Department or any other department of the Government. No one can perform a job in Government without some prior political activity that has taken place to set up the job.

When I talk about politics, I'm not talking in terms of what we often use -- the terms that came out of the old Pendergast machine in Kansas City or the Hague machine in New Jersey. I'm speaking of good politics -- people getting together and acting in a political way to get things done. Good Government, real Government, is good politics, and conversely, bad Government is bad politics.

When I go up on the Hill or answer the questions of a Congressman I am free to educate him with concern to what is in a bill, but I cannot say to him, "You've got to support this bill. This is good for you and it is good for the people, and this is why it's good politics for you." I'm not supposed to take that step. I am restricted in my activities by Civil Service regulations.

We tend, I think, to divorce ourselves sometimes from the fact that politics in Government is present in everything we do because of the appropriation bills and the programs that are developed on the Hill.

I think this country is going through a great political change, and what it's effect on us is going to be in agriculture, we won't know until some time in the future, but changes are going to occur and the new programs are

going to be effected. Much of this will be due to the fact that there will be a big shift in the new Congress as to the areas that the new members represent. The agriculture areas in the country are losing a number of members: one in Missouri, a couple in Arkansas, one in Iowa, and one in Kansas; for example, We're losing members in states which were agricultural, and the gains are going into the city of Los Angeles and Los Angeles County and San Francisco, and other urban centers. There are members of Congress who have never seen a farm, and have no idea what goes on in Agriculture. Fifty years ago this was unheard of in our country; practically everyone had a tie to agriculture in one way or another. The only contact that some members have with agriculture is three times a day when they sit down to eat; and this kind of situation is going to be more and more prevalent in the political structure. Reapportionment is going to effect the whole political structure, and the emphasis is going to be more in the urban areas and less in the rural areas.

I don't think anyone at Agriculture has really sat down and thought much about what this is going to mean to total agriculture programs, to the Department of Agriculture and to a lot of the programs that we are interested in. I don't say that suddenly at the beginning of the next Congress there is going to be a big change, but it will come eventually and Agriculture will feel the effects of it.

When I was on the Hill years ago, we went to a meeting at the Department of Agriculture with an Advisory Committee or a group of individuals to discuss a tax program, and before the program or meeting was over we discussed the weather and how the ground was crumbling. I get drawn into a lot of meetings for the Department now and the only thing the participants know about the weather is whether they should bring a raincoat to work tomorrow, they've gotten so far away from the basic thing we call agriculture and crop planning. You go to the hill and take 100 members of Congress who have, waiting in their outside office, representatives of the Department of Commerce and the Department of Agriculture, neither one of whom has an appointment. The chances are that about 80 out of 100 times they will call the person from Commerce first. Twenty-five years ago the person from Agriculture would have been called first. The importance of these two Departments has shifted in the minds of the Congressmen. Fewer of their constituents are on the farm or are directly related to Agriculture.

I'm not importing any new secret to you about this; I'm thinking of the place of Agriculture today and what it really is. The Hill has been thinking about these things too. I think if we could have put out our booklet "Agriculture for the 1960's" in each Congressman's office when it was put out early this year, we would have a much better opportunity to educate the people on the Hill and to talk to them about Title I, the part of our bill which related to the question of land use and what we planned to do with the land in the rural areas. How are we going to use this land? Are we going to let it lie idle or are we going to keep it covered with crop? Are we going to turn it over to the Forest Service and enlarge our forest programs, or are we going to turn it to recreation? When we had a vote in the House on our big bill, we had 420 members present. This was the second largest number of members that had voted on any bill since the present Administration has been in office.

There is interest in Agriculture, but it is not yet clear what direction the Hill will go in years to come because they haven't made up their minds. I think the kind of seminar you're having here and discussions about Agriculture in the world in which we live are vital and I hope that out of this will come material which will be useful to the people on the Hill. It can be useful to them, to have experts like yourself, people who are devoted to the subject of Agriculture, thinking about some of these problems and letting them share the benefits of your thoughts.

QUESTIONS

QUESTION: Has there not been some fragmentation of the farm block in the last several years? And would this not be a somewhat confusing element to the urban congressman who looks to the farm congressman and sees nothing that hangs together from one group to another?

ANSWER: They do fragment. They go off in various directions. Those from agricultural areas tend to be a little more conservative, whichever party they belong to, than those from the urban areas; and you have different interests in different parts of the country. Those in the Southeast are deficit feed grain areas; those in the Mid-west are growing more than they can use. They have these pushing and pulling at each other. I must say that those members from some of the agricultural areas have not done so well on some bills as those from the urban areas. Certainly, those from the urban areas came through strong for us on our farm bill. But I think it was a bill that was good for consumers, as well as farmers, and I think they understood this.

QUESTION: Would you discuss the point that agriculture may be losing authority in Congress because the agricultural population of Congressmen is declining. Is this inevitable or might there not be other situations which regulate it?

ANSWER: We know agriculture is losing. Now the consumer is going to be the one that's really going to have the say about what the agricultural programs are, because this is where the political power is going to lie. We have got to sell ourselves more to the consumer representatives on the Hill. The most important questions 25 years ago were, "How do you get the seed to the guy?" And, "How does he rotate his crops?" They still have to be concerned with these, but their major interest is not in things of this nature. They are interested in what comes out at the end. We have got to convince them that this is in on the line as much as the interest of the farmer, the guy that is planting, the guy that is summer fallowing, and we have got to convince them that it is important that if they are going to have the end result they want, it has got to be done this way, back in the earlier stages of it. They are more interested in its impact locally and how it holds up their economy and the end results, rather than how you get the job done to get this end result.

The Billy Sol Estes case is another of the things that has focused a spotlight on the Department, and it must be having some effect within

Congress. This, unfortunately, is a case of the big barrel of apples where you've got a couple of bad ones, and it's much easier to talk about the bad ones than all the good ones. This caused an attack, a blanket attack, on the Department; an attack basically on the jobs being done by many thousands of people, and I don't think that this attack has been forgotten or that it will stand. There will be some, I think, rather vigorous answers to it, but for the time being it stands, and it does stand as an attack in the minds of many of the members on the Hill. What they have been led to believe because of this, is that this is a very poorly run, loose knit group of people. They don't put it quite that bluntly, but this is a reflection again, and it has brought, as you know, a lot of kidding.

QUESTION: I think the consensus is that the Administration has suffered two or three very severe setbacks on its proposed legislative programs. In view of the very popular support that President Kennedy enjoys at the present time, is it not likely that he is going to go on radio and television to get support from the inner ranks; or is he biding his time, hoping that the November elections will change the complexion?

ANSWER: He did this on medicare. He went to New York and they put on a big rally and got nation-wide television for him. He has used a somewhat similar idea, in his press conferences, and he has had some very carefully worked out statements in press conferences on the Agriculture Bill and on other matters. He has not at this point really made up his mind on this "fireside chat" idea. He does have an appeal. I know he does feel that his press conferences do some of this, to a certain extent.

TOPIC III

THE USDA - A COMMUNITY OF AGRICULTURAL PROFESSIONALS

THE HISTORY OF THE USDA

By
Wayne D. Rasmussen

Dr. Wayne D. Rasmussen was born and raised on a ranch in Montana. His undergraduate work was done at the University of Montana and he received his Ph.D. degree from George Washington University. He came to work in the Department in 1937 and in 1940 began his history work in the Bureau of Agricultural Economics, where, with the exception of four years out for Army service in the World War II, he has been engaged in historical research ever since.

There is a small group of historians in the Department of Agriculture; we are in the ERS, but we serve as an historical group for the entire Department. We actually try to cover two aspects, the history of the Department and its programs, and the history of American agriculture. Of course, we cannot do much research on the latter, but we do work with the history departments of the land grant colleges and other institutions to promote teaching and research in the field of the history of agriculture.

What's the use of history? Why look back? Why bother? I like to think of the history of agricultural policy and of the history of the United States as doing somewhat the same thing as the doctor who takes a case history before prescribing treatment. Both give us a base by which to judge present day actions.

I'm talking about history when I should be talking a little bit about the development of the Department of Agriculture in response to interest in this Centennial year of 1962, looking back to 1862. The Department has grown, in response to both farm and public needs. This growth has not followed any particular plan. The Department today is far, far different from any ever dreamed of by the Congress, or the first Commissioner of Agriculture or President Abe Lincoln. Agencies have been added as need has arisen, yet these agencies have generally been of lesser consequence than the Department as a whole. Nevertheless, and partly for this reason, the coordination of these agencies has been a major problem in the Department from its establishment.

I would like to take two examples of such response to need, and such difficulties of coordination. I'm going to skip back a period of time to talk about the Bureau of Animal Industry, an agency that was a great name in the Department for many, many years. Why did we ever have a Bureau of Animal Industry? This Bureau was tied to the range cattle industry of the West. Shortly after the Civil War, Texans began driving cattle north. Cattle would bed down in fields in what is now Oklahoma, Kansas, Nebraska, and then

go on, but they left behind a sickness, a fever. The local cattle would pick this sickness up, and then die. In 1868 the Department hired a veterinarian to investigate this mysterious fever. There were other diseases afflicting American cattle and American livestock. Pleuropneumonia in cattle was spreading across the country. Hog Cholera was a major problem in swine.

All of this had an effect upon our markets. England, Germany and some of the other European countries began to say, "We cannot let American livestock or American meat in; it carries disease to our industry." There was also an element of politics in this: "Let's protect our own boys at home." Nevertheless, the fact that there was disease in American livestock was as important as the effort of these countries to protect their own industry.

In 1881, the Department sent a veterinarian to England to persuade them to remove restrictions. In that same year, Congress passed laws establishing a quarantine line to control cattle fever and regulating the importation of livestock. This was the first time that the Department of Agriculture had ever been able to place a definite restriction upon any part of agriculture. The quarantine line was drawn, just north of Texas, and the Department of Agriculture sent people out there to say "You can't drive your cattle across here during the summer season." When cattle were driven across during the winter into the north it didn't seem to bother so much. In addition, the importation of livestock was also regulated: We weren't going to get any more diseases into this country if we could help it, and besides that, we wanted to promote our own livestock industry.

To attack our animal industry problems we had five major functions; the problem of animal disease, the problem of quarantine, the problem of foreign trade in livestock products, the problem of regulation of transportation within our own country, and the problem of importation of cattle.

These jobs, mostly for veterinarians, were attached to different types of organizations within the Department. Most of the disease people were working in the Division of Microscopy because this was where they had the microscopes and could examine the blood to see if they could find the bacteria that was causing disease. In 1883 the Commissioner of Agriculture established a new division, the Veterinary Division, and then in the following year, Congress passed a bill establishing the new Bureau of Animal Industry, and assigning to it all types of functions relating to livestock. This was a landmark in the history of the Department: it marked the establishment of the first Bureau in the new Department, and it was the first time that a Government agency had been charged with important regulatory functions within the sphere of agriculture.

The Bureau of Animal Industry assembled veterinarians who were studying animal diseases and an attempt was made to stop the westward spread of pleuropneumonia. Neither treatment nor quarantine would handle this problem, and in 1887 the Congress, in response to a great deal of public pressure on the part of livestock groups, gave the Bureau of Animal Industry authority to purchase both diseased and exposed animals and to destroy them. This was going a little bit beyond quarantine.

Many European nations still continued to restrict the importation of American meat even after we whipped pleuropneumonia. There were various committees of Congress investigating this and saying, "This Department of Agriculture must not be up on its toes because American meat is barred from foreign markets. What's wrong with those bureaucrats?" (History doesn't repeat itself but some of the phrases do.) The Department replied that it was necessary to certify meat that was shipped abroad, because most of the foreign nations said that under their laws they could accept meat only if it was certified to be free from disease. Consequently, Congress passed the law in 1890, setting up the first meat inspection act, not to meet domestic needs, but as a means of protecting our export market, but foreign affairs and the domestic affairs all tie together.

A few years later this inspection law was extended through pressure from the livestock industry to all meat in interstate commerce.

Congress wanted to keep down the spread of disease, and subsequently, in 1906, passed laws to create a meat inspection service which provides guaranteed, disease free meat for the Nation. The new Division of Inspection that was set up in the Bureau of Animal Industry to carry out this job, went ahead and served, in addition to the livestock industry, the exporting industry and the domestic consumer in the United States through its meat inspection as demand arose for these various services.

The Bureau of Animal Industry went even further in its service to the Nation. The outstanding scientific accomplishment of the Department in this period, was the discovery of the cause of this Texas fever or cattle fever. They discovered that the tick carried this disease from one animal to another, and since that time the Department of Agriculture has carried on a program to erradicate ticks. It was this experimental work by veterinarians of the Bureau of Animal Industry of the USDA which first determined that disease could be carried from one warm blooded animal to another by an insect or other vector. An army doctor, Walter Reed, read of this research and it led him to believe that yellow fever and malaria might be carried in much the same way, and the discovery that mosquitoes were guilty resulted.

We had a dramatic change in the Department of Agriculture in 1933. As a matter of fact, in our Centennial history we called the Department that was set up in the seven years, between 1933 and 1940, the new Department of Agriculture. The Nation was in the depths of the Great Depression in 1933, and the result was that there were many changes made in many parts of Government. Agriculture, perhaps underwent more changes than any other part of Government. In 1933 the Agriculture Adjustment Administration was established; in 1935 the SCS came to the Department as the successor to the Soil Erosion Service, which had been established in the Department of Interior a few years earlier. The Federal Surplus Commodities Corporation became part of the Department in the same year. In 1937 the Farm Securities Administration as a successor to the Resettlement Administration came into the Department. Others arrived: in 1938, Federal Crop Insurance Administration; in 1939 the Rural Electrification Administration, the CC Corporation and the Farm Credit Administration.

Insofar as appropriations went, insofar as duties went, this was indeed a new Department of Agriculture. Some of the older lines of work, of

research work particularly, were adapted to the needs of the new agencies. Emphasis in this new Department of Agriculture was on action programs: on payments to farmers for crop control, under the Agriculture Adjustment Act, and on soil conservation, farm credit programs, farm security, control of commodity exchanges -- things that were much more direct in their impact on the Nation than research.

What was the effect upon the Department of Agriculture itself? First of all the new Agriculture Adjustment Administration was such a large agency that it almost became the Department of Agriculture. Secretary Henry A. Wallace was interested in agriculture, but he was also interested in research. He was trying to maintain some sort of a balance, but the Agriculture Adjustment Administration was so big and it's chief became so powerful, that they had to get a new chief in order to bring the agency back into the Department of Agriculture.

Then, when SCS was transferred to the Department of Agriculture in 1935, we had still more of a complication because virtually all agricultural problems were related to the soil. Was the SCS going to operate this new Department of Agriculture? No, it didn't come in with that idea in mind, but it came with the idea that above all, we must save the soil. Needless to say, it ran into conflict with various other agencies and various other programs. How was the Department to handle this? When new agencies came in, and new duties were assigned, they impinged, in one way or another, upon a duty carried out by another agency. There was rivalry and jealousy. What did the Department of Agriculture do to solve this problem?

First of all, when you're confronted with a problem like this, what do you do? You set up an interagency committee, and try to get a top man from each one of the agencies to serve on the committee, a man that can help make decisions. Between 1938 and 1940 one of our former leaders of the Department of Agriculture, Milton Eisenhower, said that there were over 300 interagency committees set up with the major purpose of coordinating departmental programs. (I believe that we've done away with a good many of those since that time.) The second step in good administration, is to appoint a coordinator. Milton Eisenhower was appointed coordinator of Land Use Planning in 1937, and the next year the Office of Land Use Coordination was established as a permanent part of the Secretary's office. The Office of Land Use Coordination was to relate all of the action programs and research programs of the Department into a meaningful unit. Well, when you get something like this set up, what very often happens is that another agency is established to do somewhat the same job, and in this case the Bureau of Agricultural Economics was designated as a planning agency. What was the difference between the Bureau of Agricultural Economics and the Office of Land Use Coordination? This was a problem that Mr. Eisenhower, Mr. Tolley and a good many other people discussed in gentlemanly tones back and forth, and then quietly stole each other's people. Finally, we said that the Bureau of Agricultural Economics did the planning and the Office of Land Use Coordination figured out how the planning was to be applied to the programs of all the agencies. The Program Board was established, under the direction of the Land Use Coordinator, with a representative from each agency, and the representatives on the Board were then to carry the application of the planned programs back to their own agencies.

The influence of the Office of Land Use Coordination actually declined from 1940 on, and virtually disappeared within a very short time after Milton Eisenhower left the job. The Office was abolished in 1944, and the planning function of the BAE came to an end in 1945. Planning was transferred to the Office of the Secretary early in 1946, where it was assigned to another committee, a Policy and Programs Committee. This committee ceased to function in 1953 and since that time planning has been carried on in the Office of the Secretary, and I believe has been a particular responsibility of the new Assistant Secretaries of Agriculture.

In the Department of Agriculture during our history, we have responded to public need. This response may take the form of one agency or another being charged with a particular new program. This has meant that the Office of the Secretary has had the problem of coordinating the different programs of the Department. One way to do this is to reorganize. I think that our major reorganizations over a long period of years, without thinking of any particular one, have been made in order to give the Secretary a closer control over the agencies of the Department. However, it is still a problem, and one that you folks will be giving some attention to. I hope you all come up with good solutions and give them to Mr. Robertson.

SUMMARY OF GROUP DISCUSSIONS

WEDNESDAY

On the third day the conference groups discussed the impact our agricultural programs of economic assistance, production controls and price supports have on other than farm owners in the United States. The first thing they did was list the six basic commodities with controls and supports. These are wheat, corn, cotton, tobacco, peanuts and rice. In the non-basics we can have price supports with out controls because the secretary has the authority to siphon off excess productions of any commodity by going into market making purchases to raise prices farmers receive.

The next thing they did was to develop a list of the Direct Economic Assistance, Production Controls and Price Support Programs. They mentioned the soil bank, acreage allotments, export subsidies, import duties, the Sugar Act, the School Lunch Program, the Direct Distribution Program, FHA and REA.

It was agreed upon by the groups that the greatest impact of these economic programs was on the farm owners and tenants, the dealers, the processors, the consumers and the farm supplies.

Support without control, it was agreed upon, would result in a continuing and increasing surplus of the same commodities.

One of the beneficial effects of our price support, production control system is that it maintains an adequate supply of a commodity while it improves the quality. It also encourages diversified production. Another of the benefits is that a smaller per cent of the consumer's income is required for food. This economic program also has a tendency to stabilize the entire economy. All of the effects of this program are not beneficial, however, because this puts a burden on the shoulders of the taxpayers, both in paying the farmers for their excess, and in the expense of the excessive storage of these excess commodities at the government's expense. It also has a bad effect on individual initiative.

One of the groups felt that the farm tenants are adversely affected by the loss of farmland, although those remaining may have an improved income. Another of the groups felt that farm tenants are not generally adversely effected by price supports.

Big processors, it was recognized, are generally against controls; this may be because they want more of a range in prices. It is generally agreed upon, though, that processors are not adversely effected in the long run.

After discussing these matters, the groups concerned themselves with the question of whether these programs should be designed with primary concern for the farm segment or the total economy. One of the facts they

took into consideration was the fact that 40% of the farmers produce 87% of the total production. They considered the question of whether the farm income was adequate or not in relation to the non-farm income. They asked the question of whether stricter controls increase or decrease the efficiency of farm operations. Should our prime objective be the production of our agricultural needs by use of the absolute minimum of agricultural resources at lowest cost, was a question brought up, and what will be the concept of the family farm in society in the future.

After considering all of these things they reached the conclusion that these programs should be designed with concern for the total economy.

It was concluded that production controls and price supports should be designed to assure an adequate supply of quality food and fiber at a fair price return to the producer; to supply our defense needs; to assure a prosperous farm economy; and to ease the transition to a balance between supply and demand.

TOPIC IV

THE PUBLIC SERVANT IN A DEMOCRATIC SYSTEM

SUMMARY OF DISCUSSION

By

John E. Soleau

Wally Anderson

Bart Lloyd

The Reverend John E. Soleau is an Associate Professor of Pastoral Theology and head of that Department at Virginia Theological Seminary, Alexandria, Virginia. He serves on the Board of Governors of the Council for Clinical Training, Inc., New York City, and on the Board of Governors of Pastoral Institute in Washington, D. C.

Before coming to the Seminary, he was an assistant rector at St. Peter's Church, Morristown, New Jersey. He graduated from Amherst College in 1947 after serving in the Navy and worked with the General Electric Company in Bridgeport, Connecticut.

After leaving General Electric he studied at Union Theological Seminary in New York and Virginia Theological Seminary in Alexandria, Virginia, receiving a Bachelor in Divinity Degree in 1952.

As a native of Massachusetts, Mr. Anderson received his B. A. from Amherst College, after which he attended Union Theological Seminary. Since he graduated at the head of his class at Union, he was granted a year's scholarship for study at Cambridge University in England.

Mr. Anderson was ordained a minister in the congregational church in 1956, and had a parish in Everett, Massachusetts, where he also served as the protestant chaplain of the Juvenile Court. He came to the Washington area in 1960 where he is now pastor in the United Church of Christ in Alexandria.

Bart Lloyd was born and raised in Japan. He received his B. A. from the University of West Virginia in 1941. He finished his Theological Training at Virginia Theological Seminary in 1948. From 1948 to 1950 he served as the college chaplain of Episcopal students at the University of West Virginia. From 1950 until 1956 he taught at the Virginia Theological Seminary, after which he became a parish minister at Birmingham, Michigan until 1960. For the past two years he has been an Associate Professor of Practical Theology back at Virginia Theological Seminary.

During the morning of the fourth day the conference groups considered the concept of "operative ideas." They attempted to identify some of the basic operative ideas that underlie our agricultural programs. Group B considered the sources of the operative ideas, along with the question as to whether they were primarily economic, sociological or political in context.

One of the basic operative ideas identified was the concept of "preservation of the small family farm". This idea was said to be sociological in nature as it comes from the need for a stabilizing quality in rural communities. It was not felt to be a highly controversial issue.

Another operative idea, one which is of a more controversial nature, is the idea that "farmers, with government help, should have the right to manage their own abundance". This issue is more controversial because of the fact that it would involve price supports with few, if any, production controls. This would probably result in favored treatment of farmers. It is an economic issue which has arisen out of the farm community.

The operative idea that because of oversupply, "all research leading to increased farm surpluses should be curtailed", is one which has arisen out of the non-agricultural citizens of the United States, and is economic in purpose. This is a very controversial idea because its short term view is in violation of the concept of progress.

The operative idea has arisen that "greater use could be made of our agricultural production, using it for political purposes". This is a controversial issue due to the questionability of the political, economic and social results of some of the possible uses.

The concept that "Agriculture should operate on the Free Market System" is one which has come about for both economic and political reasons. This issue stems from the community of the citizens of the United States, and is quite controversial because of the severe farm adjustments that would have to be made.

The idea has come from the citizens of the United States that the "development of a highly efficient and productive agriculture is essential to high social development". This was stated to have an economic purpose and seems to be non-controversial in nature.

During the afternoon of the fourth day the conference groups discussed different factors which affect morale in an organization. Some of the things which were generally agreed upon by the four groups as being things which support morale were good communication, recognition, fairness, and a sincerity and conviction of purpose. Group C also mentioned a sense of responsibility as belonging to this group.

Unwarranted or ill-advised criticism and personal problems seemed to be the two things generally agreed upon as weakening the moral. Group C mentioned lack of confidence as another thing which causes a weakening of morale.

Group C offered a formula for dealing with morale problems:

1. Get all the facts and identify the problem
2. Analyze the problem as to cause or causes and effect.
3. Develop possible solutions and consider their effect.
4. Select and apply a solution.

Group A offered several different methods of dealing with these problems. The three main ones were modification or rotation of duties and assignments, delegation of authority, and professional development and growth. Also mentioned were counseling, promotion, play, relocation, and training.

DEVELOPMENT AND MANAGEMENT OF INDIVIDUALS IN THE DEPARTMENT OF AGRICULTURE

By
Chalmer K. Lyman

Mr. Lyman graduated in Forestry from Montana State University in 1938. He received an appointment in the Forest Service, and spent his early career in research, engineering, and forest administration. In 1950, he became Forest Supervisor on the Lolo National Forest with headquarters at Missoula, Montana.

He moved to a staff position in the Chief's office, Washington, D. C. in 1954. Later, he was promoted to Assistant Regional Forester of the Eastern Region at Upper Darby, Pennsylvania. In July 1959, he became Director, Division of Personnel Management in the Chief's office.

Today, we are discussing the individual employee's role in the Department of Agriculture. What should his objectives be? For what purpose should he work in the Department of Agriculture? How should he perform? And how can he be stimulated best to function in desirable manner?

Obviously, the individual's primary objective should be service to others - service to the farmer, to forest users and to all who have significant interest in agricultural endeavor. In the broadest sense, this service must be devoted to the general public and to mankind on an international scale. How does this concept of service evolve and function?

The Department of Agriculture is people. There are over 85,000 of these people. Each individual is different; yet all have something in common. Everyone functions in an organized group. But there are distinctive groups within groups. There are small groups within large groups. Again - each group is different; yet in some ways all are alike. There are relationships and inter-relationships among individuals and among groups.

The complexities of studying and understanding people in the Department, are compounded by all the differences coexisting with similarities, and by the involved inter-relationships. Contradictions and complications confront anyone attempting to analyze the individual's role. The problems inherent may seem frustrating or even overwhelming. They need not be, however, because all can be reduced to a smaller denominator.

Consider the processes whereby individuals in the Department are influenced. People in our organization, as in any other, are influenced and moulded by the total environment within which they work and live. The greatest effect on that environment from an official standpoint comes about through managers, work supervisors, staff specialists, and other associates who contribute significantly to the whole leadership complex. Understand those who combine to lead overall, and you will know the individual's role - you will know what makes him perform and develop as he does.

Of all the influences exerted by leaders, the greatest come from the philosophies and attitudes of management. If management creates a system dedicated to high standards of work performance and moral conduct; - if management stimulates self-responsibility, self-reliance, self-motivation and self-discipline; - if management has the perception to foresee and foretell; - and if leaders themselves set the pace through demonstration and insistence; then individual employees will become dedicated and they will grow. Management attains optimum success only when its entire approach is oriented toward the individual.

Qualifications, Characteristics and Capabilities of Management.

How can we judge managerial competence and how can we predict its effectiveness in the future? There is but one place to start such evaluation, and that is with current performance. But we must search deeper than this, if we want to project into the future. We must start with performance and then work backward to identify personal characteristics and skills. Knowing these, there is some foundation for subjective prognoses. At best, the predictions can be no more than conjecture. Behavioral scientists have not yet identified and validated methods of accurately evaluating and predicting individual performance. Until they do, we must analyze and conclude subjectively if we are to make decisions, and advance toward greater accomplishment.

That which follows reflects my own hypothesizing. It is not simple; neither is it all inclusive. If you do not agree with my approach, you may develop one of your own.

Personal Characteristics

There are four I's significant from the standpoint of leadership as well as individual performance. The first is INTELLIGENCE. A leader cannot be stupid. But he can be effective with no more than average IQ. Someone once said "A genius is an ordinary man with extra ordinary energy." "Chesty" Puller, the Marine Corps' great combat leader, was a management genius. Probably his IQ did not rate within the level ordinarily identified as genius. But he knew people; he had the rare ability to perceive and foresee; and he knew how to stimulate superior fighting power under the most adverse conditions man could be subjected to. He intended to be a superior commander and he was.

I know a 12 year old boy who is an athletic genius. His IQ is no more than 140, but he excels in sports because of unusual mental and physical energy. He stands out not because of high intelligence, but because of his intense concentration and perceptive ability. Further, his role concept is founded on a cold determination to BE a superior star athlete.

These examples and many others, offer ample evidence that one should be cautious when judging intelligence as a measure of man's capabilities in the future.

The second characteristic is INTEGRITY. It includes moral conduct. This is particularly significant in public service. On the other hand a man cannot be truly a top leader if he carries personal integrity to extremes. He needs to possess a little devilment or mild wickedness. Otherwise people will not respect him as much as they should.

INDUSTRY is the third significant characteristic. It includes determination, drive and concentration. Top leaders all have these attributes. They possess intense desire for action and accomplishment. They have feelings of "mustness." There are people who claim that good executives are inclined to be lazy. How can this be? An executive may get by if he is a bit lazy physically. Usually he will do best if he delegates most work to others. But, he will be alert with his mind working 60 to 80 hours a week if he is to develop and survive as a top executive.

The ability to concentrate is of key significance. A top manager must be able to concentrate intensely no matter what distraction there may be. He needs to be like the typical athlete who concentrates so hard that he is unconscious of "what goes" outside the field of play. The crowds may be screaming, but he hears naught.

Finally, there is INGENUITY, which includes imagination and perception. If a manager is to pay his way, he must search continuously for the new and better. He must have a sixth sense or a perception which enables him to analyze trends, detect changes and adapt to new challenges or threats. A man's ability to perceive and project has much to do with his ability to develop and grow.

These four general characteristics from intelligence through ingenuity are fundamental. But the recipe for personal success must go beyond to encompass FAITH and SPIRIT. My reference to these is made not in a religious sense, but in a human realistic sense.

A man must have faith in what he is doing. He must have faith in himself, faith in his co-workers - faith in mankind and in the world. Otherwise he will not get off the ground. Often a man must make decisions, and move without knowing all the facts and without clearly foreseeing end results. He must assume and project. Unless he has faith in the future and in his ability to adjust as weaknesses become apparent he will surely procrastinate and fall behind.

Spirit is another factor overriding all that a man is and does. This touches on the supernatural. But it involves natural phenomenon. It is real, and we must understand it. No man ever accomplishes anything really worthwhile in this world - nor does he do anything that lasts beyond his brief span, unless he has a flame burning from within. Great men such as Lincoln, Churchill, Einstein, Edison or any others whom you know were driven by intense fire burning within. There are men in Agriculture today who possess such spirit. What they do, and what they are, will live and grow long after they are gone.

Vital Skills

In addition to personal characteristics, our top leaders need certain skills. For success - particularly in public service - they must be skilled in external relations. They need the ability to detect impending problems, and act in advance to counteract or prevent. They must understand politics, and know how to survive in a complex political environment.

Second and of equal significance is the ability to deal skillfully with difficult cases. This requires shrewdness, poise under stress and strain, and personal power. Included are persuasiveness, and the knack of commanding respect. Some individuals possess these qualities to such a degree that they command attention merely by their presence.

Another key skill is public speaking. Emphasis is placed on this because professional people too often neglect their speaking abilities. A top manager exerts much of his influence through speaking. Frequently he is forced into public debate. So, if a key individual lacks in speaking ability, he cannot reach optimum attainment until he corrects such weakness.

Skill in internal management is a fourth qualification important to executives. This requires, above all else, reasonable knowledge of the organization's mission and technical aspects of the job. Knowing the job, he then must know and apply the elements and principles of management.

To be most successful in the total application of all these managerial skills, an individual must understand people. The self centered person who cannot appreciate the other man's thinking and emotions never can be fully effective. To be most successful he must understand his subordinates, his superiors and his co-workers. He must know the background and the total environment for each.

Finally the interests and ambitions of the individual himself, have controlling influence overriding all that he does or thinks about. Favorable personal characteristics and managerial skills alone are not enough. He must want to be a good manager and leader. He must hunger for attainment by the entire organization, and by individuals throughout. The ultimate is reached when he places the interests of the organization, and its' people above his own personal ambitions and selfish desires.

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The enumeration of characteristics and skills involved in management, may seem trite to you in this Seminar on Executive Development. Each of you holds a key position. Each has experience in management. Whether or not this talk seems commonplace, the elements described are fundamental. Full understanding can contribute substantially to your future, and the future of our great Department of Agriculture. I ask each of you to study these concepts and identify what should be done through management to strengthen the performance of individuals in your agency. It is through management and full use of the leadership complex that progress will continue.

GRADUATION ADDRESS

MANAGING HUMAN RESOURCES

By
Carl B. Barnes

Mr. Barnes is a native of South Carolina, where he was raised on a dairy farm. After graduating from high school he spent fourteen months in the Civilian Conservation Corps. He has served 25 years in the Federal Government, 19 of which have been in the Department of Agriculture. He attended George Washington Univ., the Corcoran Art School, and the USDA Graduate School, all in Washington, D. C. Mr. Barnes has been awarded a Certificate of Merit for an outstanding work improvement suggestion. He also received the Department Certificate of Merit for "Outstanding Leadership of the Commodity Stabilization Service classification and organization program and for a major contribution to the effectiveness of farm programs."

I would like to talk rather informally for just a few moments about personnel administration in the Department of Agriculture. We have been taking stock for the past year as to what we had done and what we need to do to improve the personnel policies and practices of the Department. We desire to develop a set of policies that will create an atmosphere or an environment in which employees will be responsive and therefore productive. We need a set of policies that will create a feeling, or a need, for productivity from the standpoint of employees, and this is what our objective is.

We've done two or three things in this area since I became Director one year ago. The first was to send a questionnaire to 10,000 employees trying to find out what they thought about various personnel practices. We asked them many things. Among them were, "What do you consider important to you in your job environment?" One of the myths about Government employees "hungrily feeding at the taxpayers' trough" was exploded when we got replies back from these employees. The item rated most important by employees was the effective use of their skills and abilities. This proved what some of us felt all along but had no proof of. It startled others into a sense of awareness that something should be done about this feeling of employees.

What we have been trying to do since then is to redevelop our approach to personnel administration and provide a system that would use skills and abilities of employees to the maximum extent possible. Another thing that we're trying to emphasize is not only that we recruit as many people as we need, but that we recruit the very best. We hire about 1500 every year -- these are primarily agriculturalists -- from land grant colleges. We recruit many others as well, but we need to find out the extent to which

these people represent the best capability the colleges are producing. This effort is just unfolding, and you'll hear a lot more about it later.

Another thing we've tried to do is find out a better way to know about the skills and abilities that employees of the Department have. Joe Robertson said that he gave Secretary Freeman several personnel folders and that he couldn't understand them, and that they were not too revealing of an employee's real characteristics. I agree. The personnel folder, or the data that we have about employees, does not tell management much about the capabilities of these people. It does not give them a basis for effectively utilizing the skills and abilities of employees. Since this is the most important thing to an employee in a work situation, the question is: "What should personnel people do about it?" I feel that the only answer is to figure out a system of capturing data about the employees of the USDA -- the human resources of the Department -- that, if known to management, would enable it to more effectively intelligently utilize personnel. We have already developed a concept of such a system and have used several gimmicks to help it "catch on." We called the system MODE, (Management of Objectives with Dollars through Employees.) It is a system involving the use of electronic computers.

The machine is unimportant. The principle is that we're trying to dig, in depth, into this whole area of what makes a person want to produce. We're not speaking about making people happy, we're talking about making them produce. Of course, it's obvious from our survey, if we can make them produce, in a manner in which their skills will be fully utilized, we think a significant step towards their happiness at work will have been achieved.

MODE is a system which involves five separate but related "applications." One of the five applications in the MODE concept is called MOHR (Management of Human Resources.) We have just hired two personnel research psychologists, who will help us develop this area. What we hope they will help us do -- in addition to a number of other things -- is to develop four new or at least more significant areas of data about our employees. These new data will be fed into a computer, properly related, and produce printout for management's use in more effectively using people's abilities.

The first of the four "new" things we want to include in our system of personnel management is a documented career plan for every new professional, scientific and administrative employee in the Department of Agriculture. What does the employee want to do? Where does he want to go? What does he think his skills and abilities really are? What does he think his aptitudes are? How does he think he can contribute to the USDA most effectively in the long run? What type of work situation will most challenge him or her? We will document this. We will change it from time to time as the employee's needs and ideas change.

The second thing we want to find out about people is "What characteristics do they possess that show up in a job situation?" What do their supervisors think about them; What do their co-workers think about them; and what do others with whom they come in contact really think about their abilities, and their aptitudes?

Third, we want a system of finding out the inherent capabilities of our people. What are the capacities that are hidden and don't show up in a job situation? Our personnel researchers are trying to discover how we can capture these data about the capabilities of people.

The fourth thing is to find out the relationship of a person's health to his capacity to produce in a work situation.

These are the four types of things -- the career plan, the knowledge about the person's work performance, the knowledge about his inherent, but perhaps hidden capabilities and his health as it relates to his potential for performance.

We will use these data -- if we can learn how to detect them -- to build mathematical models. The models will properly relate the variables in the total problem -- if we can determine what the proper relationship is -- and assist management in its decision-making responsibility regarding these variables.

The electronic computer will enable us to store these types of data for all of our 34,000 professional and technical employees in its "memory" and call for them as needed. This means that management will have ready access to data about all these people rather than the few they now "know personally" or "by hearsay." This will give all employees an opportunity to be considered equally for promotions, more effective placements, and so on.

Another thing we're really emphasizing in personnel management is training. This program, in which you're participating -- Seminars in Executive Development -- is an example of this emphasis. This particular SED program is our first effort at it. It may have many things wrong with it, but our objective is clear. We're trying to develop, through this program, people who can really manage the Department of Agriculture in the future -- and run it more effectively than it ever has been managed before. We need executives with a broader viewpoint and with razor sharp capabilities these days. The world, in general, and the United States, in particular, needs top executive talent as never before. Our executives, in the past, have usually been developed up one career ladder. What makes a good forester? What makes a good agricultural marketing specialist? What makes a good agricultural economist? This may have been best in the past. But the world is getting smaller and the past is not necessarily what will work in the future. You can fly to San Francisco in four hours. These days you can fly to Paris in five, and you can do all sorts of things today that five years ago were impossible. What we're trying to do is to realize the tremendous difference in the pace that exists today as compared with the past and develop executives that can meet the challenge that pace represents. The pace today involves a day-to-day economic and political relationship between countries. So we need to develop executives that can meet the challenge of running the government effectively in this "international" context rather than just "with-in these 50 States."

This SED program is aimed precisely in that direction. The people, who have been selected to come here this week, are the people whom I think the Department is putting its money on to make the important decisions of tomorrow.

SED needs to be sufficiently stimulating to you that you will -- in turn -- stimulate others that you may come in contact with.

We need to evaluate SED very critically. Its objectives are too important not to ultimately have it hit its target. I hope that, during the evaluation sessions, you will really hit hard at this program. Did it really broaden your viewpoint? Did it make you understand your responsibility, not only in your job situation, but in the United States and throughout the world? Does it make you understand the place of the Department in the Government as a whole? Does it really help you to be effective administrators of the future? If it didn't, we need your help in making it accomplish these objectives.

Thank you very much for your patience.

EVALUATION

FRIDAY EVALUATION

GROUP A

I What are our training needs in the areas we have been exploring during the past four days?

A. What should be included?

1. Training should be continuous with follow-up meetings.
2. Training in Domestic and mathematical fields is needed, along with a broader concept of the interrelationship of agricultural and international problems and programs. Employees should be selected who have a capacity for growth and are potential executives.

B. How Training might be accomplished

1. Seminars
2. Selected reference lists
3. Films
4. One day training sessions
5. Interagency Meetings
6. Meeting with Industry and Labor groups
7. Foreign Assignments
8. Participation in Community activities
9. Correspondence Courses
10. Toastmaster Clubs.
11. Tours
12. Interagency details
13. University Short Courses
14. Great Books Study Clubs
15. Professional Societies
16. Join Civic Clubs

FRIDAY EVALUATION

GROUP B

1. In selection of speakers, select those who speak with authority on their view, and present a view diametrically opposed to the other group representatives. There was too much unanimity of opinion.
2. Training should be instituted at an earlier point in career. It should also be a continuing process, along the lines of continuing adult education, and not merely an isolated irregular conference.
3. Set up training conferences with industry or labor training conferences.
4. Have a month long conference with at least one week in the field at five year intervals. Start this after seven years of service.
5. Have shorter conferences of possibly two days, but on an annual basis.

FRIDAY EVALUATION

GROUP C

Training Needs -- More training on how to be a professional rather than as a technician. This means how to get beyond your immediate local area of work -- broaden your vision and appreciation of other fields.

More coordination among agencies - more communication and exchange of ideas - more training in how to sort the wheat from the chaff in our reading - more knowledge of related fields of business. More objective viewpoint.

How to assimilate, evaluate and use total concepts of USDA in day to day work.

How to make decisions, accept responsibility and live with our decisions. How to avoid over-worry and develop good mental health. How to develop integrity - Encourage more self-improvement -- Some training and guides on how to stimulate and motivate self-development.

Who Should Get It?

Start at top and go down through Middle Management. Do not overlook potential and talent in the lower ranks; hence tailor the training to individual needs as necessary.

When? and How Much?

1. In cooperation with universities or in-service training, conduct management training courses for technically trained people early in their career.
2. Select potential leaders as early as possible and provide periodic courses directed toward Executive Development.

Ways

1. Continue these seminars now in process.
2. Suggest to various organizations, clubs and professional groups with which executives have contact that they encourage broader and more thought-provoking subjects in their programs.
3. Liberalize Government training programs to include this type of broad programs at Government expense; also training for advanced degrees.
4. Conduct retreat type conferences.
5. Conduct both short and long term courses.
6. Explore ways by which agencies can offer this type of training, internally.
7. More departmental releases attempting to coordinate guides and materials, etc. to conduct this type of training locally.

Releases on how all USDA agencies contribute to the total program.

FRIDAY EVALUATION

GROUP D

1. Training Needs and What Should be Included.

- A. A broader outlook of world and domestic agricultural problems.

Who and When -

To those who have reached a level in their career that there is a positive indication that career progression will continue

How Much?

To vary according to circumstances and individuals.

2. Ways in which this kind of training might be accomplished.

Seminars

USDA Graduate School (including correspondence)

Encouraging night and extension courses

USDA Clubs

Other government training facilities

Details to other agencies

Self Development

Service Clubs etc.



